

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION
CIVIL NO. 3:17-CV-37

UNITED STATES OF AMERICA *ex rel.*
TARYN HARTNETT, and DANA
SHOCHED,

Plaintiff,

v.

PHYSICIANS CHOICE LABORATORY
SERVICES, DOUGLAS SMITH, PHILIP
MCHUGH AND MANOJ KUMAR,

Defendants.

**APPENDIX IN SUPPORT OF THE
UNITED STATES' MOTION FOR
PARTIAL SUMMARY JUDGMENT AS
TO DEFENDANT MCHUGH**

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Padma Gulur, MD

Drug Testing

Drug testing plays an important role in healthcare. It provides objective information to assist clinicians in identifying the presence or absence of drugs or drug classes in the body and making treatment decisions. Urine, blood, hair, saliva, sweat, and nails (toenails and fingernails) are some biological specimens used to perform laboratory drug testing, and they provide different levels of specificity, sensitivity, and accuracy. Urine is most often the preferred test substance because of ease of collection. Concentrations of drugs and metabolites also tend to be high in the urine, allowing longer detection times than concentrations in the serum allow.

There are two broad categories of urine drug testing (UDT).

1. Presumptive/Qualitative Drug Testing -

Used when medically necessary to determine the presence or absence of drugs or drug classes in a urine sample; results expressed as negative or positive or as a numerical result; includes competitive immunoassays (IA) and thin layer chromatography.

These tests are considered medically necessary for:

- a) Baseline screening before initiating treatment when:
 1. An adequate clinical assessment of patient history and risk of substance abuse is performed; and
 2. Clinicians have knowledge of test interpretation; and
 3. There is a plan in place regarding how to use test findings clinically.
- b) For subsequent monitoring of treatment at a frequency appropriate for the risk level of the individual patient

Limitations of presumptive testing include that it is unable to identify specific drugs within many drug classes, particularly within the amphetamine, barbiturate, benzodiazepine, tricyclic antidepressants, and opiate/opioid drug classes. Drugs such as buprenorphine, amphetamines, benzodiazepines, and cocaine/heroin yield false negative IA results due to low cross-reactivity or non-reactivity and drugs such as fentanyl, carisoprodol, tramadol, tapentadol and synthetic designer drugs cannot be detected by presumptive IA. Therefore, it may be medically necessary for clinicians to utilize definitive UDT when the presumptive tests for these drugs are negative.

2. Definitive/Quantitative/Confirmation (hereafter called “definitive” UDT)

Used when medically necessary to identify specific medications, illicit substances and metabolites; reports the results of drugs absent or present in concentrations of ng/ml; includes GC-MS and LC-MS/MS testing methods.

Definitive UDT may be reasonable and necessary based on patient specific indications, including historical use, medication response, and clinical assessment, when accurate results are necessary to make clinical decisions. The clinician’s rationale for the definitive UDT and the tests ordered should be documented in the patient’s medical record.

Panel Testing

1. Presumptive UDT Panels

Presumptive UDT testing may be ordered as a panel because the Medicare billing codes (G0431 and G0434) are defined on a “per patient encounter” basis regardless of the number of analytes tested. Presumptive UDT orders should be individualized based on clinical history and risk assessment, and this should be documented in the medical record.

2. Definitive UDT Panels

Definitive profile testing is reasonable and necessary when ordered for a particular patient based upon historical use and community trends. However, the same physician defined profile is not reasonable and necessary for every patient in a physician’s practice. Definitive UDT orders should be individualized based on clinical history and risk assessment and must be documented in the medical record.

Routine standing orders for all patients in a physician’s practice are not reasonable and necessary. Testing should be performed randomly and/or selectively based on patient history.

The frequency of testing must be based on a complete clinical assessment of the individual’s risk potential for abuse and diversion using a validated risk assessment interview or questionnaire and should include the patient’s response to prescribed medications and the side effects of medications.

Frequency of urine drug testing for individuals on chronic opioid therapy depends on the risk of opioid misuse and/or for an opioid disorder. Frequency of testing ranges from 1-2 times per 12 months (low-risk), 1-2 times per 6 months (moderate-risk), and 1-3 times every 3 months for prescribed medications, non-prescribed medications that may pose a safety risk if mixed with prescribed and illicit substances based on patient history, clinical presentation and/or community usage.

Based on my review of case documents, which did not include a review of individual patient medical records or charts, it appears that PCLS utilized a Provider Acknowledgment Form to allow the ordering provider to create a standing order with the lab for a definitive UDT panel, which included an extensive array of drugs, and which panel would then be run on every patient sample sent to PCLS by the ordering provider. In my opinion, it is highly unlikely that definitive UDT panels of this nature would be medically necessary or indicated for the majority of patients in any pain or substance use/abuse practice in the average community.

References:

American Society of Addiction Medicine. Drug testing: a white paper of the American Society of Addiction Medicine (ASAM). 2013 Oct 26. [<http://www.asam.org/docs/default-source/public-policy-statements/drug-testing-a-white-paperby-asam.pdf>] accessed 10/15/18.

American College of Occupational and Environmental Medicine (ACOEM). ACOEM’s guidelines for Chronic Use of Opioids. 2011[<https://www.nhms.org/sites/default/files/Pdfs/ACOEM%202011-Chronic%20Pain%20Opioid%20.pdf>] accessed 10/15/18.

Argoff CE, et al. Rational urine drug monitoring in patients receiving opioids for chronic pain: consensus recommendations. Pain Med 2018 Jan 1;19(1):97-117.

AMA Report 2 of the Council on Science and Public Health (I-08): Improving Medical Practice and Patient/Family Education to Reverse the Epidemic of Nonmedical Prescription Drug Use and Addiction.
<http://www.ama-assn.org/resources/doc/csaph/csaph2i08.pdf>.

A handwritten signature in black ink, appearing to read 'Padma' followed by a stylized flourish.

Padma Gulur, MD

MSJ Exhibit 2

Business Associate Agreement

NCHICA Contracts Work Group

BUSINESS ASSOCIATE AGREEMENT¹

This Agreement is made effective the November 1, 2010, by and between Universal Care of PA, Inc. hereinafter referred to as "Covered Entity", and Physicians Choice Lab Services, LLC, hereinafter referred to as "Business Associate", (individually, a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, known as "the Administrative Simplification provisions," direct the Department of Health and Human Services to develop standards to protect the security, confidentiality and integrity of health information; and

WHEREAS, pursuant to the Administrative Simplification provisions, the Secretary of Health and Human Services has issued regulations modifying 45 CFR Parts 160 and 164 (the "HIPAA Security and Privacy Rule"); and

WHEREAS, the Parties wish to enter into or have entered into an arrangement whereby Business Associate will provide certain services to Covered Entity, and, pursuant to such arrangement, Business Associate may be considered a "business associate" of Covered Entity as defined in the HIPAA Security and Privacy Rule (the agreement evidencing such arrangement is entitled Access to needed patient medical records re prescription information, address, phone, dated 08 March 07, and is hereby referred to as the "Arrangement Agreement"); and

WHEREAS, Business Associate may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under such arrangement;

THEREFORE, in consideration² of the Parties' continuing obligations under the Arrangement Agreement, compliance with the HIPAA Security and Privacy Rule, and for Ten and 00/100s Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the provisions of this Agreement in order to address the requirements of the HIPAA Security and Privacy Rule and to protect the interests of both Parties.

I. DEFINITIONS

¹This agreement is intended to meet the requirements of both the Security Regulations and Privacy Regulations of the Health Insurance Portability and Accountability Act ("HIPAA"). Given the different compliance dates of these regulations, many covered entities and business associates have entered into business associate agreements addressing only the Privacy Regulations. Covered Entities should remain mindful of the distinction between electronic protected health information and protected health information, and determine those business associates who may send or receive electronic protected health information. Covered entities that may send or receive electronic health information to or from a particular business associate should review their overall security compliance programs and determine the most appropriate time to amend their business associate agreements prior to the compliance date of the Security Regulations. Much of the language in this document has been taken directly from the regulations, and may be clarified as the regulatory language is clarified. Any deletions, additions or revisions to this Agreement may create inconsistencies within this Agreement or with other agreements, inaccuracies or otherwise render this Agreement invalid, unenforceable or not-compliant.

²The use of "Ten and 00/100s Dollars (\$10.00 and other good and valuable consideration" is fairly standard contract consideration language. The user should make a determination about whether the continuation of the relationship with the vendor is sufficient consideration and, if so, the user may consider removing the \$10.00.

Copyright (c) 2003 by the North Carolina Healthcare Information and Communications Alliance, Inc. (NCHICA), no claim to original U.S. Government Works. Any use of this document by any person is expressly subject to the user's acceptance of the terms of the User Agreement and Disclaimer that applies to this document, which may be found at <http://www.nchica.org/HIPAAResources/Samples/> and which is available from NCHICA upon request.

Page 2 of 6

Business Associate Agreement

NCHICA Contracts Work Gr

the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement will be governed by the laws of the State of North Carolina. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall preclude enforcement of any obligation, on any other occasion.

The parties agree that, in the event that any documentation of the arrangement pursuant to which Business Associate provides services to Covered Entity contains provisions relating to the use or disclosure of Health Information which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the requirements regarding Business Associate's use and disclosure of Protected Health Information.⁹

In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a party believes in good faith that any provision of this Agreement fails to comply with then-current requirements of the HIPAA Security and Privacy Rule, such party shall notify the other party in writing. For a period of up to thirty days, the parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty-day period, the party fails to comply with the HIPAA Security and Privacy Rule, then either party has the right to terminate the Agreement by written notice to the other party.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year written above.

COVERED ENTITY:

BUSINESS ASSOCIATE:

By: [Signature]
Title: PRASID BMT

By: [Signature]
Title: CEO

⁹ A Covered Entity may wish to provide more specific references to sections of existing documentation which are intended to be more restrictive than the terms of this Agreement.

Copyright (c) 2003 by the North Carolina Healthcare Information and Communications Alliance, Inc. (NCHICA), no claim to Government Works. Any use of this document by any person is expressly subject to the user's acceptance of the terms of the Agreement and Disclaimer that applies to this document, which may be found at <http://www.nchica.org/HIPAAResources/Disclaimer>, which is available from NCHICA upon request.

MSJ Exhibit 3

Dear Ordering Physician and/or Clinic Owner,

The purpose of the is notice is to inform you that **Physicians Choice Laboratory Services (PCLS) is no longer affiliated with Universal Oral Fluid Laboratories of PA, LLC (UOFL)** , including William “Bill” Hughes, Jeff Thomas, and/or Brain Rizzo.

Please be informed that Effective November 30th, 2011 Universal Oral Fluid Laboratories (UOFL) was given written notice via certified mail that PCLS will no longer accept referral business directly or indirectly from UOFL. PCLS told UOFL any samples shipped prior to November 30th would be processed in the interests of protecting the health, welfare and wellbeing of patients, but no samples shipped after the notice would be processed. At that time UOFL was told by PCLS to cease shipment of any further samples to PCLS for testing.

Contrary to the notice we sent, UOFL has told customers to “continue doing what they were doing”, “PCLS will do the confirmations”, or that “the clinics contract with UOFL doesn’t allow the physician to send Lab orders to PCLS”. This is not true.

We want to make it very clear: PCLS can no longer accept samples directly or indirectly from UOFL. This is our policy. Any samples sent to UOFL, or sent from UOFL to PCLS, will not be processed by PCLS and will be returned to the clinic for direct ordering/shipping to PCLS.

In order for PCLS to process your specimens and to continue providing your clinic with confirmation data, you must send them directly from your practice to PCLS at:

Physician Services Laboratory Services, LLC
300 Westinghouse Blvd.
Charlotte, NC 28273

PCLS’s policy with regard to this situation is:

1. To maintain a direct relationship with the referring physicians
2. PCLS will send any bills/claims to the patient’s insurance or patient directly.
3. PCLS will only provide the physician with results for lab specimens PCLS received directly from the ordering physician.

Should you have any question please contact PCLS directly at 704-900-2927. Thank you for your attention to this matter,

Joe Wiegel

Physician Services Laboratory Services, LLC
President

LABORATORY/MEDICAL OFFICE JOINT VENTURE AGREEMENT

Between;

and

Universal Oral Fluid Lab of PA, LLC.
2913 Beacon Way
Pittsburgh, PA 15241

Pain Clinic

Hereinafter "UOFL"

Hereinafter "PC"

GENERAL PROVISIONS

WHEREAS, UOFL desires to enter into this agreement with the PC as PC's non-exclusive Independent Laboratory responsible for Forensic Oral Drug Testing.

WHEREAS, it is understood and agreed between the parties that, this agreement does not constitute a hiring of the PC by UOFL nor does it constitute any form of a partnership but is a shared services agreement.

WHEREAS, it is understood that the UOFL shall not be eligible for any employee benefits commonly provided to PC's employees, and PC shall not make any deductions or withholdings from the UOFL's compensation as might otherwise be required by federal, state or local law. That UOFL expressly understands that UOFL shall be solely responsible for all such withholding of federal, state and local income taxes and other required payroll deductions (i.e., social security; worker's compensation insurance; unemployment insurance payments; disability payments) and shall provide PC with a signed statement attesting to having paid such amounts as required by federal, state and local tax laws and codes.

WHEREAS, it is understood that UOFL shall not be liable for any obligations or indebtedness incurred by the PC except where any necessary and agreed upon expenses incurred by the PC in the scope of their duties under this agreement.

TERMS AND CONDITIONS OF AGREEMENT

1. **TERMINATION** - UOFL may terminate this AGREEMENT if any of the following events or conditions occur:

- a. Upon entry of an Order for Relief under Title 11 of the United States Code (the "Bankruptcy Code") by a federal court
- b. Upon written mutual agreement of both parties
- c. One (1) year from the date of this AGREEMENT; provided, however, that in the absence of any mutual agreement of the contrary by both parties, this AGREEMENT shall automatically renew and be effective for the following calendar year.

2. DEFINITIONS

- a. **REFERRED/CONTRACTED CLIENT** - any entity that has been identified to UOFL by PC and which within 6 calendar months of the time of such identifications subsequently becomes a paying customer of PC.

____ (UOFL)

Page 1 of 2

____ (PC)

- b. **COMPENSATION** - the amount paid to PC by UOFL on all Oral Drug Testing **BILLED** and **COLLECTED** by UOFL after laboratory fees of **\$150.00** per specimen.
3. **COMPENSATION** - PC shall be paid **COMPENSATIONS** by UOFL every month between the 15th and 20th following the monthly receipt of compensations by UOFL on specimens from PC **CLIENTS** as follows:
- a. **UOFL** will receive **\$150.00 per specimen** on all Oral Drug Testing billed by **UOFL on PC patients**.
 - b. **UOFL** will at **all times** be certified as a **Moderately or Highly Complex Laboratory**.
 - c. **UOFL** will at all times be contracted to be reimbursed by but not limited to the following insurance companies. Blue Cross Blue Shield, Gateway, Medicare, Medicaid, Highmark, Health America, UPMC, and on a monthly bases contact Workers Compensation Companies and other Independent Insurance Companies to improve monthly Reimbursements.

COMPENSATION shall continue to be paid regardless of the manner in which reimbursements are made from PC **CLIENTS** and are identified, named, or marketed by UOFL.

4. **INTERPRETATION** - This **AGREEMENT** will be construed and governed in accordance with the laws of the State of Pennsylvania. If and to the extent that any court of competent jurisdiction holds any provision or part of the **AGREEMENT** to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this **AGREEMENT**.
5. **NON-COMPETE CLAUSE** -If any contracted or employee of PC competes with UOFL by selling any or all products and or services offered by UOFL during this time period, this agreement will be null and void and any monetary damages that may occur because of this action will be PC's responsibility. This clause will be for a period of not less than (1) one year after any contracted or employee of PC has worked for PC.
6. **OWNERSHIP TRANSFER** - Any compensations earned by UOFL during this period or any subsequent period thereafter shall be paid to UOFL until the account becomes inactive with PC. This compensation shall continue to be paid to UOFL even if there is a change in PC's Ownership except as noted in paragraph 2 - **TERMINATION**.

This **AGREEMENT** contains all the terms and conditions agreed upon by the parties hereto, and supersede all other agreements, negotiations or representations of the parties hereto, oral or otherwise, regarding the subject matter hereof. This **AGREEMENT** cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto and making specific reference to the **AGREEMENT**.

Approved and Agreed, this _____ day of _____, 2010; by

for Universal Oral Fluid Lab of PA, LLC.

for Navarro Health Care, P.C.

Tax ID Number

Tax ID Number

(UOFL)

Page 2 of 2

(PC)

Re: Google Alert - Millennium Laboratories

From: Phil McHugh <"o=pcls/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=philip mchugh066">
To: Joe Wiegel <joe.wiegel@pcls.com>
Date: Sun, 07 Sep 2014 09:49:51 -0400

Jeff Thomas was the piece of sht sales guy that worked for us, then went to the dark side.

JJ I know pretty well...
(814) 207-4440
There's his cell. ;)

Your right... It is pretty lame.
They should mention each doctor/ practitioner that was signed on with him... And indictment them all.

Its bullshit. Not nearly enough.

What about the max Medicare fine per wrong doing in addition to \$ they collected.

Yes Bill raked in a lot of \$.
Where's a list of the payouts?
Some people where making a lot of \$ off this...

Lot more of this story...
Bill owns part of physicians offices (5-6?) that were sending in....
Where's the ruling there?

Ok, enough of ranting on a Sunday!
:)

Sent from my iPhone
704-421-4644

On Sep 7, 2014, at 6:49 AM, "Joe Wiegel" <Joe.Wiegel@PCLS.com> wrote:

Do you know Dr. John Johnson? You might want to send him a Soap-on-a-Rope. I think there is a lot of money that Bill is hiding. The amounts seem way too small to me based on what we know about his model. Who was the sales guy we had that went to work for Bill? I wonder how he's doing through all of this.

Joe Wiegel
Mobile: 904.349.4483

From: Phil McHugh
Sent: Saturday, September 06, 2014 6:16 PM
To: Joe Wiegel
Cc: Paul Schmidt; Alan Campbell; Marcus Sowinski
Subject: Re: Google Alert - Millennium Laboratories

""He said that Universal charged "hardship cases" only \$30 and shut its doors even as some clients owed it millions of dollars. "How can it be a kickback if I'm losing money?" he asked.""

Laughing... I'm losing \$!

Soooo Bill!

Ass!

Thanks for forward!

Sent from my iPhone

704-421-4644

On Sep 6, 2014, at 6:08 PM, "Joe Wiegel" <Joe.Wiegel@PCLS.com> wrote:

Bill Hughes in trouble.

Sent from my Verizon Wireless 4G LTE DROID

----- Original Message -----

Subject: Google Alert - Millennium Laboratories

From: Google Alerts <googlealerts-noreply@google.com>

To: Joe Wiegel <Joe.Wiegel@PCLS.com>

CC:



Millennium Laboratories

Daily update · September 6, 2014

NEWS

[Greensburg lab accused of paying kickbacks to doctors](#)

Pittsburgh Post-Gazette

In 2011, a Florida firm, **Millennium Laboratories** Inc., sued Universal, accusing the company of using "a scheme" masquerading as a series of "joint ...



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MSJ Exhibit 6

From: Manoj Kumar [manoj_136@hotmail.com]
Sent: Tuesday, February 1, 2011 12:10:45 PM
To: Phil Mchugh; Marcus Sowinski
Subject: CPT Codes and Path Ahead

Hi Phil, Marcus,

This is a follow up on my earlier email on a simplified analysis of the current trend in CPT Codes.

I would like to consider this as a positive opportunity for PCLS to take a position of Premier Support and Excellence for all our doctors and anticipated clients.

The trend is clear - the great window of making money for the physicians via UDS screening is closing fast unless they keep pace with the changing scenario. I believe that this is a stage where we step in by offering them a package deal of basically setting up their Moderate Complexity Lab wherein they are assured that our lives are intertwined and that we are vested in their progress.

The few things they are wary of are:

1. Process
2. Equipment
3. Certification
4. Compliance
5. Supplies and consumables

Therefore, if we have a package that assures them that they can get the certification, get the right equipment and compliance monitoring at some cost. They would be interested as that would allow them to continue billing and collecting \$\$\$. Keep in mind, they want to get the \$\$\$ and yet not pay much for the service.

As I see it, this requires aggressive negotiations by yourself/marcus with a supplier/manufacture of Chemical Analyzers for a GR8 deal, negotiations for reagents, availability of a toxicologist to compile a Manual for process and compliance, monitoring of process and compliance by a toxicologist, and lastly assisting them in getting the certification.

What do you think, want to add more to your overflowing plate??????

Manoj

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services



MLN Matters® Number: SE1105

Related Change Request (CR) #: N/A

Related CR Release Date: N/A

Effective Date: N/A

Related CR Transmittal #: N/A

Implementation Date: N/A

Medicare Drug Screen Testing

Note: This article was revised on April 28, 2016, to add a link to a related article ([SE1604](#)) that summarizes the available substance abuse treatment services and provides reference links to other online Medicare information with further details about these services. All other information remains the same.

Provider Types Affected

This article is for clinical laboratories billing Medicare Carriers, Fiscal Intermediaries (FIs), or Part A/B Medicare Administrative Contractors (A/B MACs).

Provider Action Needed

This article describes how clinical diagnostic laboratories should bill for certain types of tests that are covered under Medicare and paid based on the Clinical Laboratory Fee Schedule (CLFS). Specifically, the article addresses the billing of two CLFS Healthcare Common Procedure Coding System (HCPCS) test codes - G0431 (Drug screen, qualitative; multiple drug classes by high complexity test method (for example, immunoassay, enzyme assay), per patient encounter) and G0434 (Drug screen, other than chromatographic; any number of drug classes, by CLIA waived test or moderate complexity test, per patient encounter) - beginning January 1, 2011. HCPCS code G0434 is new for Calendar Year (CY) 2011. Please be certain that your billing staffs are aware of these changes.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2010 American Medical Association.

Background

Each year, the Centers for Medicare and Medicaid Services (CMS) hosts an Annual Public Meeting to discuss test codes that have been established by the Common Procedural Terminology (CPT) committee, and may be covered by Medicare, and paid based on the CLFS in the upcoming calendar year.

During the 2009 Annual Public Meeting, CMS introduced two new CY 2010 HCPCS codes for reporting qualitative drug screen testing - G0430 (Drug screen, qualitative; multiple drug classes other than chromatographic method, each procedure), which was reported once per procedure and G0431, which is reported once per drug class. (Please note that G0430 was deleted beginning January 1, 2011). After the introduction of these codes, CMS determined that it needed to further refine these drug screen testing codes and revise the descriptors to avoid unnecessary or excessive utilization of code G0431 for relatively simple point-of-care tests that screen for multiple substances. During the 2010 Annual Public Meeting, CMS introduced code G0434 to report qualitative point-of-care drug screen testing and to limit billing for such testing to one time per patient encounter. CMS also revised the descriptor for code G0431 to emphasize that the code describes all screening for multiple drug classes per patient encounter.

CMS recognizes that there could be rare instances where a patient requires multiple, medically necessary screening tests for drugs of abuse to be performed in a single day. For instance, a patient seen in an outpatient pain clinic who requires a drug screening test as a part of his/her care is later admitted to an emergency department after an automobile accident and requires another medically necessary drug screening test. The use of “per patient encounter” will allow payment to be made for this rare circumstance.

Effective January 1, 2011, CMS will utilize two test codes to report drug screen testing:

- G0434 (Drug screen, other than chromatographic; any number of drug classes, by CLIA waived test or moderate complexity test, per patient encounter) will be used to report very simple testing methods, such as dipsticks, cups, cassettes, and cards, that are interpreted visually, with the assistance of a scanner, or are read utilizing a moderately complex reader device outside the instrumented laboratory setting (i.e., non-instrumented devices). This code is also used to report any other type of drug screen testing using test(s) that are classified as Clinical Laboratory Improvement Amendments (CLIA) moderate complexity test(s), keeping the following points in mind:
 - G0434 includes qualitative drug screen tests that are waived under CLIA as well as dipsticks, cups, cards, cassettes, etc, that are not CLIA waived.
 - Laboratories with a CLIA certificate of waiver may perform only those tests cleared by the Food and Drug Administration (FDA) as waived tests. Laboratories with a CLIA certificate of waiver shall bill using the QW modifier.

Disclaimer

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- Laboratories with a CLIA certificate of compliance or accreditation may perform non-waived tests. Laboratories with a CLIA certificate of compliance or accreditation do not append the QW modifier to claim lines.
- Only one unit of service for code G0434 can be billed per patient encounter regardless of the number of drug classes tested and irrespective of the use or presence of the QW modifier on claim lines.
- G0431 (Drug screen, qualitative; multiple drug classes by high complexity test method (for example, immunoassay, enzyme assay), per patient encounter) will be used to report more complex testing methods, such as multi-channel chemistry analyzers, where a more complex instrumented device is required to perform some or all of the screening tests for the patient. Note that the descriptor has been revised for CY 2011. This code may only be reported if the drug screen test(s) is classified as CLIA high complexity test(s) with the following restrictions:
 - G0431 may only be reported when tests are performed using instrumented systems (i.e., durable systems capable of withstanding repeated use).
 - CLIA waived tests and comparable non-waived tests may not be reported under test code G0431; they must be reported under test code G0434.
 - CLIA moderate complexity tests should be reported under test code G0434 with one (1) Unit of Service (UOS).
 - G0431 may only be reported once per patient encounter.
 - Laboratories billing G0431 must not append the QW modifier to claim lines.

CMS has also made changes to the following related tests:

- G0430 was deleted as of January 1, 2011
- Code 80100 has not been priced under Medicare effective January 1, 2011
- Code 80104 has not been priced under Medicare effective January 1, 2011

Also, please remember that code 80101 has not been priced under Medicare since July 1, 2010.

Additional Information

CMS publishes a list of test products with CLIA waived status each quarter. Providers may use this list to determine if a particular test product can be appropriately performed by a laboratory with a CLIA waiver and is eligible to be billed using the QW modifier. Concerning CLIA moderate or high complexity tests, providers should confirm a test's status with the test manufacturer.

If you have any questions, please contact your carrier, FI, or A/B MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and->

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[Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html](#) on the CMS website.

Additional information concerning the CLFS can be found at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/index.html> on the CMS website.

Document History

Date of Change	Description
April 28, 2016,	The article was revised to add a link to a related article (SE1604) that summarizes the available substance abuse treatment services and provides reference links to other online Medicare information with further details about these services. All other information remains the same.
August 27, 2012	The article was updated to reflect Web address changes.

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Analyzed Business Checking

Account number:

■ October 1, 2013 - October 31, 2013 ■ Page 1 of 4



SILENT STORM HOLDINGS LLC

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)Online: wellsfargo.com

Write: Wells Fargo Bank, N.A. (338)

Charlotte Central III Business Bkg

P.O. Box 6995

Portland, OR 97228-6995

Account summary**Analyzed Business Checking**

Account number	Beginning balance	Total credits	Total debits	Ending balance
	\$865.83	\$1,725,000.00	-\$1,723,873.46	\$1,992.37

Credits**Electronic deposits/bank credits**

Effective date	Posted date	Amount	Transaction detail
	10/01	12,000.00	Online Transfer From Silent Storm Holdings Ref #Ibemxsfr2D Business Checking CC Cost for Accountants Invoice
	10/16	2,000.00	Online Transfer From Silent Storm Holdings Ref #Ibemxobqgf Business Checking Replenish Via Mobile
	10/18	910,000.00	Online Transfer From Silent Storm Holdings Ref #Ibexn4Fsyn Business Checking Silent Storm Loan Via Mobile
	10/18	800,000.00	Online Transfer From Silent Storm Holdings Ref #Ibe5Gpgjkh Business Checking Silent Storm Loan Via Mobile
	10/31	1,000.00	Online Transfer From Silent Storm Holdings Ref #Ibe5Gsc3D7 Business Checking Replenish Via Mobile
		\$1,725,000.00	Total electronic deposits/bank credits
		\$1,725,000.00	Total credits

Debits**Electronic debits/bank debits**

Effective date	Posted date	Amount	Transaction detail
	10/01	6.18	POS Purchase - 10/01 Mach ID 000000 Wal Mart Super Charlotte NC 0941 00000000240977547 ?McC=5411
	10/01	90.00	Bill Pay Time Warner Cbl on-Line xxxxxxxxx03001 on 10-01
	10/01	155.00	Bill Pay Piedmont Natural on-Line xxxxxxxx96001 on 10-01

(338)
 Sheet Seq = 0001534
 Sheet 00001 of 00004



Account number:

■ October 1, 2013 - October 31, 2013 ■ Page 2 of 4

**Electronic debits/bank debits (continued)**

Effective date	Posted date	Amount	Transaction detail
10/02		19.99	POS Purchase - 10/02 Mach ID 000000 Raceway 976 Rock Hill SC 0941 00583275682165307 ?McC=5542
10/03		16.91	Check Crd Purchase 10/01 Rock Hill Farm Mar Rock Hill SC 474166xxxxxx0941 003274643160712 ?McC=5499
10/03		109.40	POS Purchase - 10/03 Mach ID 000000 Leslie S Pool Sply Charlotte NC 0941 00463276555433768 ?McC=5996
10/07		58.75	Check Crd Purchase 10/05 Mass Dot Toll Prkg 914-747-1797 NY 474166xxxxxx0941 163277494148739 ?McC=9222
10/07		32.19	POS Purchase - 10/07 Mach ID 000000 Met Cleaners Charlotte NC 0941 00583280614279735 ?McC=7216
10/07		1.61	POS Purchase - 10/07 Mach ID 000000 The UPS Store Charlotte NC 0941 00000000756680430 ?McC=7399
10/07		11,000.00	Bill Pay Barclays Bank DE on-Line Xxxxxxxx56881 on 10-07
10/08		48.43	POS Purchase - 10/08 Mach ID 000000 Trader Joe S 7 44 Charlotte NC 0941 00383281570616066 ?McC=5411
10/08		5.08	POS Purchase - 10/08 Mach ID 000000 Community Thrift Store Charlotte NC 0941 00583281691425556 ?McC=5931
10/09		9.44	Check Crd Purchase 10/07 Hawthorne's NEW Yo Charlotte NC 474166xxxxxx0941 283280637938822 ?McC=5812
10/09		7.00	POS Purchase - 10/09 Mach ID 000000 Shell Service Station Charlotte NC 0941 00383282643858337 ?McC=5542
10/09		193.00	Bill Pay AT&T Mobility on-Line xxxxxx15244 on 10-09
10/10		7.27	POS Purchase - 10/10 Mach ID 000000 Target T2244 Target T2 Charlotte NC 0941 00383283469674500 ?McC=5411
10/10		47.35	POS Purchase - 10/10 Mach ID 000000 Met Cleaners Charlotte NC 0941 00303283471742232 ?McC=7216
10/15		508.98	Check Crd Purchase 10/11 Aico 562-222-2456 CA 474166xxxxxx0941 163284565041252 ?McC=5712
10/15		19.51	POS Purchase - 10/12 Mach ID 000000 Met Cleaners Charlotte NC 0941 00463285582099190 ?McC=7216
10/15		85.76	POS Purchase - 10/15 Mach ID 000000 Marshalls Charlotte NC 0941 00000000552320961 ?McC=5651
10/15		42.90	POS Purchase - 10/15 Mach ID 000000 Marshalls Charlotte NC 0941 00000000255373424 ?McC=5651
10/16		97.51	POS Purchase - 10/16 Mach ID 000000 The Home Depot 3646 Charlotte NC 0941 00583289489506145 ?McC=5200
10/17		153.33	POS Purchase - 10/17 Mach ID 000000 Leslie S Pool Sply Charlotte NC 0941 00383290656461602 ?McC=5996
10/18		9.00	Check Crd Purchase 10/17 Dilworth Car Wash Charlotte NC 474166xxxxxx0941 163290594798293 ?McC=7538
10/18		11.24	POS Purchase - 10/18 Mach ID 000000 The Home Depot Charlotte NC 0941 00000000751476423 ?McC=5200
10/18		15.02	POS Purchase - 10/18 Mach ID 000000 Met Cleaners Charlotte NC 0941 00583291509163290 ?McC=7216
10/18		29.28	POS Purchase - 10/18 Mach ID 000000 Trader Joe S 7 44 Charlotte NC 0941 00463291517638046 ?McC=5411

Account number:

■ October 1, 2013 - October 31, 2013 ■ Page 3 of 4

**Electronic debits/bank debits (continued)**

<i>Effective date</i>	<i>Posted date</i>	<i>Amount</i>	<i>Transaction detail</i>
10/18		25.29	POS Purchase - 10/18 Mach ID 000000 Target T2244 Target T2 Charlotte NC 0941 00303291534241737 ?McC=5411
10/18		560.00	Bill Pay Duke Energy Nort on-Line xxxxx80799 on 10-18
10/18		1,700,000.00	WT Fed#09170 Suntrust Bank /Ftr/Bnf=Aries Medical Corporation Srf# 0067479291776065 Trn#131018094652 Rfb#
10/21		49.00	Check Crd Purchase 10/18 Annas Alterations Charlotte NC 474166xxxxx0941 003291502685196 ?McC=5697
10/21		36.41	POS Purchase - 10/21 Mach ID 000000 Dollar Tree #01 Charlotte NC 0941 00000000551432182 ?McC=5331
10/21		82.75	ATM Withdrawal - 10/21 Mach ID SA000017 923 S Kings Dr Cardtroniccharlotte NC 0941 00303294540843652
10/21		2.50	Non-Wells Fargo ATM Transaction Fee
10/21		37.13	POS Purchase - 10/21 Mach ID 000000 Trader Joe S 7 44 Charlotte NC 0941 00303294726044996 ?McC=5411
10/22		40.00	POS Purchase - 10/22 Mach ID 000000 Met Cleaners Charlotte NC 0941 00583295526243289 ?McC=7216
10/22		10,000.00	Bill Pay Barclays Bank DE on-Line Xxxxxxxxxx56681 on 10-22
10/24		45.92	POS Purchase - 10/24 Mach ID 000000 Lowe S 2348 Charlotte NC 0941 00463297714441352 ?McC=5200
10/25		24.63	Check Crd Purchase 10/24 Pio Pio 101 Inc Charlotte NC 474166xxxxx0941 083297654247941 ?McC=5812
10/25		15.09	POS Purchase - 10/25 Mach ID 000000 Met Cleaners Charlotte NC 0941 00463298460505885 ?McC=7216
10/25		28.91	POS Purchase - 10/25 Mach ID 000000 Wal Mart Super Charlotte W NC 0941 00000000443359095 ?McC=5411
10/25		72.87	POS Purchase - 10/25 Mach ID 000000 Lowe S 2348 Charlotte NC 0941 00303298674161654 ?McC=5200
10/28		6.48	POS Purchase - 10/28 Mach ID 000000 Met Cleaners Charlotte NC 0941 00303301706803200 ?McC=7216
10/29		39.09	POS Purchase - 10/29 Mach ID 000000 Lowe S 2348 Charlotte NC 0941 00303302459690849 ?McC=5200
10/31		12.96	POS Purchase - 10/31 Mach ID 000000 Met Cleaners Charlotte NC 0941 00303304466465733 ?McC=7216
10/31		8.32	POS Purchase - 10/31 Mach ID 000000 Trader Joe S 7 44 Charlotte NC 0941 00463304471158697 ?McC=5411
10/31		5.98	POS Purchase - 10/31 Mach ID 000000 Lowe S 2348 Charlotte NC 0941 00383304694695758 ?McC=5200
		\$1,723,873.46	Total electronic debits/bank debits
		\$1,723,873.46	Total debits

Daily ledger balance summary

<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>
09/30	865.83	10/03	12,468.35	10/09	1,112.85
10/01	12,614.65	10/07	1,375.80	10/10	1,058.23
10/02	12,594.66	10/08	1,322.29	10/15	401.08

Sheet Seq = 0001536
Sheet 00003 of 00004

Account number:

■ October 1, 2013 - October 31, 2013 ■ Page 4 of 4

**Daily ledger balance summary (continued)**

<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>
10/16	2,303.57	10/22	1,252.82	10/28	1,058.72
10/17	2,150.24	10/24	1,206.70	10/29	1,019.63
10/18	11,500.41	10/25	1,065.20	10/31	1,992.37
10/21	11,292.62				
Average daily ledger balance		\$4,736.49			

**IMPORTANT ACCOUNT INFORMATION**

Wells Fargo has not been counting all wire transfer activity for the services listed below. Beginning January 1, 2014, we will count all your wire transfer activity and this activity will appear on the monthly statement for your account.

Description

Wire-Outgoing Intl USD-CEO: \$25 each
 Corp Swift Domestic Wire: \$9 each
 Wire Intl Letter/Fax Non Repetitive: \$42 each
 Wire Intl Letter/Fax Repetitive: \$37 each
 Corp Swift International Wire: \$26 each
 Wire In Swift MT103-Beneficiary: \$8.50 each
 Wire Out Intl-Voice Non Repetitive: \$45 each
 Wire Out Intl-Voice Repetitive: \$40 each
 Wire Out International-Branch: \$45 each
 Wire Out Intl-Auto Standing: \$20 each
 Payment Manager Wire Out Intl USD: \$26 each
 Wire In Swift MT103-Originator: \$12 each

If you have any questions, please contact your local banker or call the phone number listed at the top of your statement.

NOTICE: Wells Fargo Bank, N.A. may furnish information about accounts belonging to individuals, including sole proprietorships, to consumer reporting agencies. If this applies to you, you have the right to dispute the accuracy of information that we have reported by writing to us at: Overdraft Collections and Recovery PO Box 5058 Portland, OR. 97208-5058. You must describe the specific information that is inaccurate or in dispute and the basis for any dispute with supporting documentation. In the case of information that relates to an identity theft, you will need to provide us with an identity theft report.

MSJ Exhibit 9

From: M Kumar [MKumar@pclabservices.com]
Sent: Monday, May 7, 2012 10:58:55 PM
To: 'drCaz@GoodmanChiroClinic.com'
CC: jrosson@pclcontractors.com
Subject: Great Meeting

Importance: High

Attachments: Directorship contract DRAFT.doc; Generic Cost per Sample 2012 Agreement 2.12.pdf; Lab setup DRAFT.doc

Dr Goodman,

It was a pleasure to meet you with Jana. The ensuing conversation was very stimulating and it was wonderful to share ideas with someone who is so fast to assimilate and is on "top of everything". Like we discussed, the aim is to serve the patients and also to run an efficient business to maximize revenue.

As we discussed, it needs to be a two pronged surgical operation. The First is to reduce costing by procuring at better prices and the Second is to maximize the gains while utilizing manpower efficiently.

For the first I suggest procuring your cups at a better rate for which Jana can assist.

For the more important second -I suggest that we look at getting an analyzer with No Upfront cost. That will ensure that there is Nil Cash Outlay. Additionally, you will have a 60 day out clause that will ensure that you can take a decision and not be saddled with a system/equipment that does not meet your requirement.

The analyzer will ensure that you are able to bill out the higher CPT codes. You will bill for CPT Code G0431 instead of the G0434. CMS pays approx. \$102 for G0431 instead of the \$20 for G0434. Additionally, you will be able to bill out for Validity testing which will include Creatinine, PH and Specific Gravity. This will further enhance the revenue.

The best part is that there is no upfront cost and the manpower required would be able to work part time to ensure you have minimal costs. The only costing is approx. \$3000 and that too in installments -after the job is done. This is towards setting up the high complexity lab. The set up will include all aspects of training, policies, procedures, compliance etc. The Director will also be provided by the company and the fee for the director will not start until the high complexity certificate is received. The setup is such that all training etc will be completed and the entire system will be ready to start testing and billing the day the CLIA certificate is received.

Attached are three sample contracts for the Director, Setup of lab and the Contract for the analyzer.

I have highlighted the 60 day out clause in the Directors contract. The phased payment for the set up has also been highlighted for your perusal. The 60 day out clause for the analyzer is near the top on the second page.

As I stated, practically nil upfront costs, you can walk away from the deal whenever you like with a 60 day notice; and when you see that it works for you, you can go and buy the equipment.

If there are any questions, I would love to face the "bullets".

Thanks a lot,

Manoj Kumar
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd
Charlotte NC 28273
317-371-1604 Direct
812-645-1283 Direct Fax
704-900-2927 Lab
www.physicianschoicelab.com [<http://www.physicianschoicelab.com/>]

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MSJ Exhibit 10

Message

From: Phillip McHugh [pmchugh@pclabservices.com]
Sent: 5/10/2012 8:23:39 AM
To: M Kumar [MKumar@pclabservices.com]
CC: Marcus Sowinski [msowinski@pclabservices.com]
Subject: Re: EMR For John Nickels

Yes.
Let's chat tomorrow

Message sent from iPhone

On May 9, 2012, at 11:41 PM, "M Kumar" <MKumar@pclabservices.com> wrote:

Marcus,

His lab is likely to be up and running by Mid-June. It is expected that he would switch to us at that stage or soon after.

What do you opine Phil?

Manoj

From: Marcus Sowinski [mailto:msowinski@pclabservices.com]
Sent: 09 May 2012 21:08
To: 'M Kumar'; 'Phillip McHugh'
Subject: RE: EMR For John Nickels

IS dr Nickels still a "priority"?

Thanks,

Marcus Sowinski
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd.
Charlotte, NC 28273
305-903-1827 Direct
305-397-2760 Direct Fax
704-900-2927 Lab
www.pclabservices.com

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From: M Kumar [<mailto:MKumar@pclabservices.com>]
Sent: Sunday, April 08, 2012 4:06 PM
To: Marcus Sowinski; Phillip McHugh
Subject: EMR For John Nickels

Marcus,

As you are aware, Phil is attempting to get back Dr John Nickels from Cleveland. It is expected that he will be back with us by July/August.

Attached is the EMR interphase for him for your necessary action.

Thanks a lot,

Manoj Kumar
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd
Charlotte NC 28273
317-371-1604 Direct
812-645-1283 Direct Fax
704-900-2927 Lab
www.physicianschoicelab.com

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MSJ Exhibit 11

From: Ray Fuller [rayfuller@absbiomedical.com]
Sent: Friday, March 30, 2012 3:58:25 PM
To: Manoj Kumar
Subject: FW: BS-200 - Cost per Sample Urine Drug Testing

Attachments: Cleveland Back & Pain BS-200 CPS Quote 3.12.pdf; Mindray BS-200 Brochure 8.09.pdf; Pre-Site Installation Checklist BS-200 4.11.pdf

Hi Manoj,

I've already quoted Dr. Nicholsearlier this month -see below and attached.

Ray Fuller
ABS
972 241 1388
972 241 1480 fax
972 207 6644 cell

From: Ray Fuller
Sent: Wednesday, March 07, 2012 9:45 AM
To: 'John Nickels(Jnick98909@aol.com)'
Subject: BS-200 - Cost per SampleUrine Drug Testing

Hi Dr. Nickels,

I emailing to confirm our meeting the afternoon around 4:30per your conversation Brandon Worley.

Per your request I've attached the following for yourreview:

2012 Quote for 1 (one) BS-200 -Cost per Sample Program

All inclusive

No upfront cost, lease or hidden charges
Can cancel with 60 days written notice

BS-200 Brochure
Cost per Sample Agreement
Site Requirements for BS-200

To initiate agreement, please sign Cost per Sample Agreementand fax back to my attention at 972 241 1480.

Please contact me with any questions.

Thanks

Ray Fuller
Director of Sales
Alternative Biomedical Solutions
972 241 1388
972 241 1480 fax
972 207 6644 cell
www.absbiomedical.com [<http://www.absbiomedical.com>]

MSJ Exhibit 12

From: M Kumar [MKumar@pclabservices.com]
Sent: Sunday, November 25, 2012 5:44:37 AM
To: 'JNick98909@aol.com'
Subject: RE: Reports

Attachments: image001.jpg

Dr JN,

I was away in India for a vacation and have just got back.

I have gone over the response that Jay sent to you and have also gone over the report that you attached here. The numbers as I see them are as follows:

Total Collection \$64448
Number of samples \$202
Average Collection per sample \$319 each

It appears that the writing is on the wall and it may be a great idea to switch over all samples to your own in-house lab as soon as possible. Dec 1, may be a good day to start.

I will book my tickets and will try and see you this week itself and discuss the path forward. Additionally, I shall carry the notes that I have made on the response by Jay to my questions as well. I observe that he has been very sensitive to constructive criticism. He did call me while I was in India and we did discuss my observations. More on that when we meet.

Manoj

From: JNick98909@aol.com [mailto:JNick98909@aol.com]
Sent: 24 November 2012 15:47
To: MKumar@pclabservices.com
Subject: Fwd: Reports

Manoj, Happy Thanksgiving!! I hope you and your family had a great Holiday! I've enclosed the latest figures from Jay. It looks like we are finally seeing some collections. I do have the numbers from Oral Solutions that show how much they collect from commercial and federal plans at this time. Let's get together next week if possible to discuss. I also have \$8410.75 in expenses that I need to be reimbursed for per my agreement with Phil. Let me know what day is good for you. I'm good Monday thru Thursday.

Take Care,

John

From: jay.chambers@pmsbinc.com [mailto:jay.chambers@pmsbinc.com]
To: JNick98909@aol.com [mailto:JNick98909@aol.com]
Sent: 11/21/2012 12:06:11 P.M. Eastern Standard Time
Subj: RE: Reports

Call me at 440-479-6589 if you need anything else. Happy Thanksgiving!

From: JNick98909@aol.com [mailto:JNick98909@aol.com] [mailto:JNick98909@aol.com [mailto:JNick98909@aol.com]]
Sent: Tuesday, November 20, 2012 1:44 PM
To: jay.chambers@pmsbinc.com [mailto:jay.chambers@pmsbinc.com]
Subject: Re: Reports

Jay, Thanks as this was the info I needed. I hate to be a pest but could you send me current billing and collecting data on the urine drug screens so I can discuss with Mr. Kumar. He wants to meet to go over the numbers.

Thanks,

John

In a message dated 11/20/2012 11:20:07 A.M. Eastern Standard Time, jay.chambers@pmsbinc.com [mailto:jay.chambers@pmsbinc.com] writes:

Hi John:

Attached are the reports that you requested. Unfortunately, you need to match the invoice to the data that goes with it...pretty simple to match up really. If you need additional data, please let me know.

Jay

Jay Chambers, President
IMG [cid:image001.jpg@01CDCACF.F4CC8EA0]

jay.chambers@pmsbinc.com [mailto:jay.chambers@pmsbinc.com]
440-449-8801

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MSJ Exhibit 13

From: JNick98909@aol.com
Sent: Monday, November 26, 2012 11:14:36 PM
To: MKumar@pclabservices.com
Subject: Re: Reports

Attachments: image001.jpg; EXPENSES FOR MANOJ.docx

Manoj, I have attached an update of what is owed to me. I forgot to add the additional urine cups we purchased to do the tests that you said you would pay for. after your last payment of \$9000 on 9/11/12 I gave you a credit of \$4546 when it should have been \$454.60. I've made the corrections and have attached the most current amount due. At least ABS only charged us \$17 on the last 200 tests instead of \$24 per test. I'm looking forward to seeing you Thursday 11/30 to catch up and plan the future. Please bring at least \$15,000 with you unless you want to pay ahead for the future.

Thanks,
John Nickels MD

In a message dated 11/26/2012 6:04:35 A.M. Eastern Standard Time, MKumar@pclabservices.com writes:

Dr JN,

If all it took was some harsh words and critical analysis for your billing company to get their act together - it was worth it.

I booked myself for Thursday to reach Cleveland at 430pm via United. Would a dinner meeting be good. I could be able to get to your clinic around 515pm.

Thanks

Manoj

From: JNick98909@aol.com [mailto:JNick98909@aol.com]
Sent: 25 November 2012 21:33
To: MKumar@pclabservices.com
Subject: Re: Reports

Manoj, I'm glad to hear you are back from India!! I hope you had a great time. No wonder our last phone call you sounded so far away. Sounds like we are getting some good data finally and even though you weren't pleased with Jay's services he's getting it worked out. Let's see if we can get together soon to discuss all the details. I'm anxious to hear your notes on Jay and his billing company when we meet. Looking forward to meeting with you.

John

In a message dated 11/25/2012 5:44:55 A.M. Eastern Standard Time, MKumar@pclabservices.com writes:

Dr JN,

I was away in India for a vacation and have just got back.

I have gone over the response that Jay sent to you and have also gone over the report that you attached here. The numbers as I see them are as follows:

Total Collection \$64448
Number of samples \$202
Average Collection per sample \$319 each

It appears that the writing is on the wall and it may be a great idea to switch over all samples to your own in-house lab as soon as possible. Dec 1, may be a good day to start.

I will book my tickets and will try and see you this week itself and discuss the path forward. Additionally, I shall carry the notes that I have made on the response by Jay to my questions as well. I observe that he has been very sensitive to constructive criticism. He did call me while I was in India and we did discuss my observations. More on that when we meet.

Manoj

From: JNick98909@aol.com [mailto:JNick98909@aol.com]
Sent: 24 November 2012 15:47
To: MKumar@pclabservices.com
Subject: Fwd: Reports

Manoj, Happy Thanksgiving!! I hope you and your family had a great Holiday! I've enclosed the latest figures from Jay. It looks like we are finally seeing some collections. I do have the numbers from Oral Solutions that show how much they collect from commercial and federal plans at this time. Let's get together next week if possible to discuss. I also have \$8410.75 in expenses that I need to be reimbursed for per my agreement with Phil. Let me know what day is good for you. I'm good Monday thru Thursday.

Take Care,

John

From: jay.chambers@pmsbinc.com
To: JNick98909@aol.com
Sent: 11/21/2012 12:06:11 P.M. Eastern Standard Time
Subj: RE: Reports

Call me at 440-479-6589 if you need anything else. Happy Thanksgiving!

From: JNick98909@aol.com [mailto:JNick98909@aol.com]
Sent: Tuesday, November 20, 2012 1:44 PM
To: jay.chambers@pmsbinc.com
Subject: Re: Reports

Jay, Thanks as this was the info I needed. I hate to be a pest but could you send me current billing and collecting data on the urine drug screens so I can discuss with Mr. Kumar. He wants to meet to go over the numbers.

Thanks,

John

In a message dated 11/20/2012 11:20:07 A.M. Eastern Standard Time, jay.chambers@pmsbinc.com writes:

Hi John:

Attached are the reports that you requested. Unfortunately, you need to match the invoice to the data that goes with it...pretty simple to match up really. If you need additional data, please let me know.

Jay

Jay Chambers, President
IMG [cid:X.MA1.1353989673@aol.com]
jay.chambers@pmsbinc.com
440-449-8801

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that this error has occurred, and then please delete the message. Thank you for your compliance.

MSJ Exhibit 14

From: mkumar@pclabservices.com
Sent: Wednesday, January 2, 2013 9:06:02 PM
To: Manoj Kumar
Subject: [Fwd: (no subject)]

Attachments: untitled-[1.2].html; EXPENSES FOR MANOJ.docx

----- Original Message -----

Subject: (no subject)
From: JNick98909@aol.com
Date: Mon, December 31, 2012 11:12 am
To: mkumar@pclabservices.com

Manoj,
HAPPY NEW YEAR!!!

I've enclosed the updated bill so you can bring funds with you next week.
I'm looking forward to seeing you and Phil. Do you know what day you are coming on yet?

Take Care!
John

Manoj,

HAPPY NEW YEAR!!!

I've enclosed the updated bill so you can bring funds with you next week. I'm looking forward to seeing you and Phil. Do you know what day you are coming on yet?

Take Care!

John

EXPENSES:

- 1) Supplies-----\$159.57
- 2) Urine cups-----\$1097.50
- 3) Refrigerator-----\$468.69
- 4) Pearl's Salary-----\$545.75
- 5) Plumbing-----\$2303.81
- 6) Pearl's Salary-----\$55.50
- 7) Pearl's Salary-----\$499.50
- 8) Kiana's Collection Fee-----\$540.00
- 9) Cart-----\$225.00
- 10) 92 Samples ABS-----\$2208.00

Total: \$8103.32**Paid: \$3000****Balance: \$5103.32**

- 11) American Proficiency Institute--\$305.00
- 12) Kiana's Salary-----\$390.00
- 13) Pearl's Salary-----\$504.12
- 14) Kiana's Salary-----\$355.00
- 15) Printer Toner-----\$42.95
- 16) 63 Samples ABS-----\$1512.00
- 17) Pearl's salary-----\$333.00

Total: \$8845.4**Paid: \$9000****Balance:-\$454.61**

- 18) 148 samples ABS-----\$2856.00
- 19) Kiana's Salary-----\$365.00
- 20) Pearl's salary-----\$365.38
- 21) Kiana's salary-----\$390.00
- 22) Pearl's salary-----\$328.37
- 23) Kiana's salary-----\$470.00
- 24) Pearl's salary-----\$402.38
- 25) Kiana's salary-----\$335.00
- 26) 159 Samples ABS-----\$3816.00
- 27) Pearl's Salary-----\$342.25
- 28) Kiana's Salary-----\$365.00
- 29) Pearl's salary-----\$379.25
- 30) Kiana's Salary-----\$320.00
- 31) 200 Samples at \$17 per-----\$3400.00
- 32) Urine cups-----\$1097.50
- 33) Pearl's Salary-----\$337.63
- 34) Kiana's Salary-----\$370.00
- 35) Kiana's Salary-----\$385.00
- 36) Pearl's Salary-----\$494.88
- 37) ABS-----\$48.00

Total: \$16,867.64**Credit: \$454.61****Total Due: \$16,413.03**

MSJ Exhibit 15

From: mkumar@pclabservices.com
Sent: Wednesday, January 2, 2013 9:05:19 PM
To: Manoj Kumar
Subject: Fwd: It's Jay...report attached.

Attachments: untitled-[1.2].html; nickels13.xlsx

----- Original Message -----

Subject: Fwd: It's Jay...report attached.
From: JNick98909@aol.com
Date: Wed, January 2, 2013 11:42 am
To: mkumar@pclabservices.com

Manoj, I just received this report from Jay. I wanted to get it to you before our meeting. I also have 2 additional payments to add to our current bill of \$16,413.03. Pearl's salary of \$439.38 and ABS' fee for 150 tests of \$3879.00. That brings the total to \$20,731.41. Please bring funds to cover these expenses. Looking forward to seeing you tomorrow! Please check out these enclosed numbers.

John

From: ubwhereub@aol.com
To: jnick98909@aol.com
Sent: 1/2/2013 2:17:00 P.M. Eastern Standard Time
Subj: It's Jay...report attached.

Hi John:

I've attached the latest report. What with the holidays, my vacation, a new version of Excel, producing this report on my laptop, short notice...well, there are a lot of variables. I don't have a copy of the last report with me, so I haven't been able to compare the two reports. If you could peruse the report for any possible obvious indiscretions (I really think there are none, but one can't be too safe), I'd appreciate it. I can massage or completely reproduce the report if necessary. Thanks.

Jay

MSJ Exhibit 16

From: M Kumar [MKumar@pclabservices.com]
Sent: Monday, April 30, 2012 3:25:55 PM
To: Phillip McHugh
Subject: J Nickels

Hi Phil,

The expense till date has been approx. \$4000. The break up is \$2726 for COLA, \$276 for API, \$750 for CLC first installment and \$120 for advertisement. The next envisaged expenditure is another \$2000 for CLC, approx. \$1000 for consumables and \$1500 for the first month for the Lab Director.

Could you send me a check for \$9000.

Thanks a lot,

Manoj Kumar
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd
Charlotte NC 28273
317-371-1604 Direct
812-645-1283 Direct Fax
704-900-2927 Lab
www.physicianschoicelab.com [<http://www.physicianschoicelab.com/>]

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MSJ Exhibit 17

From: Phillip McHugh [pmchugh@pclabservices.com]
Sent: Sunday, November 25, 2012 8:27:54 AM
To: M Kumar
Subject: Re: FYI

Agree

Message sent from iPhone

On Nov 25, 2012, at 8:22 AM, "M Kumar" <MKumar@pclabservices.com [mailto:MKumar@pclabservices.com]> wrote:

The ticket is a bit expensive, but considering the potential gain in the number of samples, I will be going to meet him on Thursday for dinner.

From: Phillip McHugh [mailto:pmchugh@pclabservices.com [mailto:pmchugh@pclabservices.com]]
Sent: 25 November 2012 08:17
To: M Kumar
Subject: Re: FYI

Thanks Manoj!

Great to see your back!

Can't wait to see you in Charlotte buddy!

Message sent from iPhone

On Nov 25, 2012, at 5:52 AM, "M Kumar" <MKumar@pclabservices.com [mailto:MKumar@pclabservices.com]> wrote:

I had earlier on Nov 1, gone over another report from his billing and my response to that is as follows:

Dr JN,

Thanks for the info. I have gone over the spreadsheet in detail and have made comments under Column K. These are questions that need to be answered by the billing team.

A couple of things that are evident are as follows:

1. There is NIL/very little Denial Management. That is to say that it appears that there is no one that is questioning the denials or seeking answers from the insurance companies. While you are putting in lot of effort, someone at billing needs to study each EOB and ask questions.
2. There are a lot of cases where they are billing different codes to the same insurance. For example, if they see that an insurance pays for 80101, there is no reason to bill for G0431 because that will get denied.
3. There are cases where incorrect amounts have been billed.
4. There are cases where the main CPT code has not been billed at all.
5. There are cases where incorrect number of units are billed.

My opinion is that either they are too big to care for a small account or the staff they have on the account is inexperienced or the staff is lazy and ignorant or there is no supervision.

There are just too many denials with no answers from the billing.

I wonder what is happening on your regular billing if this is any indication of their competence and performance. I would love to see the answers we get from them.

Manoj

His billing people called me in India and we discussed the report in detail. Now he has forwarded me another report that is attached.

My response to his new attached report is below.

Will plan to see him this week and see how we can get all his samples instead of the measly number he is sending right now.

From: M Kumar [mailto:MKumar@pclabservices.com [mailto:MKumar@pclabservices.com]]
Sent: 25 November 2012 05:45
To: 'JNick98909@aol.com [mailto:JNick98909@aol.com]' '
Subject: RE: Reports

Dr JN,

I was away in India for a vacation and have just got back.

I have gone over the response that Jay sent to you and have also gone over the report that you attached here. The numbers as I see them are as follows:

Total Collection \$64448
Number of samples \$202
Average Collection per sample \$319 each

It appears that the writing is on the wall and it may be a great idea to switch over all samples to your own in-

house lab as soon as possible - Today, tomorrow or maybe, Dec 1 would be a good day to start. The potential payout is just too large and requires your attention.

I will book my tickets and will try and see you this week itself and discuss the path forward. Additionally, I shall carry the notes that I have made on the response by Jay to my questions as well. I observe that he has been very sensitive to constructive criticism. He did call me while I was in India and we did discuss my observations. More on that when we meet.

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Hi John:

Attached are the reports that you requested. Unfortunately, you need to match the invoice to the data that goes with it...pretty simple to match up really. If you need additional data, please let me know.

Jay

Jay Chambers, President
<image001.jpg>
jay.chambers@pmsbinc.com [mailto:jay.chambers@pmsbinc.com]
440-449-8801

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<nickdrug2.xls>

Rule 26(b) Expert Report
of
Eric Hines, CPA, CFF, CHC

The United States of America, ex. rel. Taryn Hartnett and Dana Schoched, Plaintiffs, vs. Physicians Choice Laboratory Services, LLC, Douglas Smith, Philip McHugh and Manoj Kumar, Defendants. Civil File No. 3:17-CV-37 (Consolidated with No. 3:17cv46).

October 5, 2020

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VIII. Summary of Claims Paid by Medicare Associated with PCLS Kickback Schemes.....	17
IX. Reservations.....	18

List of Exhibits

Exhibit	Description
1	Curriculum Vitae of Eric Hines
2	Prior Testimony Details of Eric Hines
3	Information and Documents Considered
4	Summary of Patient Referral Counts and Claim Dollar Amounts by Alleged Scheme
5	Summary of Total Records Reviewed by Year and Dollar Amount
6	Summary of Patient Referral Counts and Claim Dollar Amounts by CPT Code Count
7	Summary of Claim Counts and Claim Dollar Amounts by CPT Code
8	Parameters for Identifying Claims within Date Ranges by Alleged Scheme and Physician
9	Summary of Patient Referral Counts and Claim Dollar Amounts by Alleged Scheme and Physician <ul style="list-style-type: none">A. Smith Kickback Scheme Physician TrendsB. Kumar Compensation Scheme Physician TrendsC. Loan Scheme Physician TrendsD. Analyzer Scheme Physician Trends

I. Qualifications

1. I, Eric Hines, am a partner with StoneTurn Group LLP (“StoneTurn”) in Boston, Massachusetts. StoneTurn is a global advisory firm that assists companies, their counsel and government agencies on regulatory, risk and compliance issues, investigations, and business disputes.
2. I hold a bachelor’s degree in business administration with a concentration in accounting from the University of Massachusetts at Amherst. I am a Certified Public Accountant (“CPA”) licensed in the Commonwealth of Massachusetts, Certified in Financial Forensics (“CFF”) by the American Institute of Certified Public Accountants and Certified in Healthcare Compliance (“CHC”) by the Compliance Certification Board.
3. Prior to joining StoneTurn, I was with the forensic accounting practice of Deloitte & Touche LLP, an auditor with Arthur Andersen LLP and part-time instructor of forensic accounting at Northeastern University in Boston. **Exhibit 1** includes my curriculum vitae with information concerning my qualifications, experience, and publications in the past ten years, and **Exhibit 2** includes my deposition, arbitration and trial testimony.
4. I have approximately twenty years of experience as a forensic accountant, auditor and consultant in dispute and investigation-related matters. My experience includes conducting internal investigations and litigation consulting matters in a variety of industries, including pharmaceuticals, medical devices, telecommunications, software, energy, media & entertainment, financial services, insurance, manufacturing, consumer products and healthcare. These matters involved, but were not limited to, performing forensic analyses of financial statements and accounting information, tracking the flow of financial transactions, conducting kickback investigations, calculating financial damages, evaluating False Claims Act violations involving healthcare, analyzing healthcare claims data using data analytics, and compliance consulting. I also have experience conducting financial statement and compliance audits across a number of industries.

II. Scope of Services¹

5. StoneTurn has been retained by the U.S. Attorney’s Office for the Western District of North Carolina (“USAO” or “United States”) which represents the United States of America (“Plaintiffs”) in this matter against Physicians Choice Laboratory Services, LLC (“Physicians Choice” or

¹ As used herein, other than references to my education and experience, “I” and “We” shall mean either me personally or those StoneTurn professionals acting under my supervision. Also, “My”, “Our”, and “Us” shall refer to actions taken by me personally or by those StoneTurn professionals acting under my supervision.

“PCLS”), Douglas Smith (“Smith”), Philip McHugh (“McHugh”) and Manoj Kumar (“Kumar”), (collectively, “Defendants”).

6. I have been asked by the USAO to evaluate and calculate the damages suffered by the Medicare² program resulting from Defendants allegedly causing the submission of fraudulent and false claims in violation of the federal False Claims Act, 31 U.S.C. §§ 3279 *et seq.* (“FCA”) in connection with a scheme to defraud Medicare from November 26, 2010 through December 12, 2015 (the “Relevant Period”). Specifically, I was asked to identify and quantify the amount of those claims paid by Medicare related to several schemes whereby the United States has alleged that Defendants “knowingly and willfully offered and/or paid kickbacks to physician practices to induce physicians to refer urine samples to PCLS for large and medically unnecessary panels of urine drug tests (“UDTs”).”³
7. In performing my evaluation and analysis, I have been asked by the United States to assume that the claims identified by the United States (as discussed in greater detail, *infra*) are “tainted” or “false,” as a result of the alleged conduct of the Defendants, which the United States contends violated the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b (the “AKS”).
8. My opinions in this matter are not intended to and do not represent legal opinions, such as whether the Defendants’ conduct violated relevant healthcare laws including the AKS.⁴ Furthermore, I offer no opinion on the medical necessity of the procedures described herein, nor have I independently validated the accuracy or appropriateness of the Current Procedural Terminology (“CPT”) codes discussed below. The analyses included in this report have been prepared based upon information made available to me to date. In the event additional information becomes available, I reserve the right to amend or supplement my opinions.

² Medicare is the federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Diseases. Different parts of Medicare cover different services and specifically, Medicare Part B covers certain doctors’ services, outpatient care, medical supplies, and preventive services. The Medicare program is administered through the Department of Health and Human Services, Centers for Medicare and Medicaid Services (“CMS”) (Source: www.medicare.gov and www.CMS.gov – accessed June 18, 2020).

³ See United States Complaint in Intervention. Civil File No. 3:17-CV-37 (Consolidated with No. 3:17cv46). June 20, 2019.

⁴ “The AKS arose out of Congressional concern that providing things of value to those who can influence health care decisions may corrupt professional judgment and result in federal funds being diverted to pay for goods and services that are medically unnecessary, of poor quality, or even harmful to a vulnerable patient population. The AKS prohibits the payment of kickbacks to protect the integrity of federal healthcare programs.” See United States Complaint in Intervention, pg. 7.

9. Additionally, in connection with my anticipated trial testimony in this action, I may create demonstrative exhibits from various documents produced in this litigation which refer or relate to the matters discussed in this report or in my deposition testimony. I have not yet created such exhibits.

III. Compensation

10. StoneTurn is compensated at the hourly rate of \$540.00 for my services in connection with this matter. I was assisted by additional StoneTurn professionals working under my direction whose hourly billing rates range between \$180.00 and \$405.00. StoneTurn's compensation is not based upon the conclusions reached in this matter or its outcome.

IV. Background of Parties Involved and Alleged Schemes

11. I understand that PCLS is a Florida limited liability company and independent clinical laboratory specializing in UDTs, founded in 2009, and owned/operated by Defendants Douglas Smith and Philip McHugh, and Marcus Sowinsky. I understand that Defendant Manoj Kumar was an independent contractor and later employee of PCLS.
12. The United States' Complaint in Intervention, filed on June 20, 2019 (the "Complaint"), alleges that Defendants McHugh, Smith and Kumar engaged in several kickback schemes designed to solicit business from physicians and medical practices by inducing them to order excessive amounts of UDTs from PCLS (the "PCLS Kickback Schemes"). The United States alleges that these schemes included arranging for the provision of analyzer equipment and related laboratory services, software, making loans, cash payments and offering other forms of remuneration.⁵

V. Summary of Findings

13. Based on my experience, education, and training, I have conducted analyses using the information and materials considered in this matter,⁶ certain relevant assumptions instructed by the United States and discussions with government personnel. I have determined that Medicare suffered damages during the Relevant Period in connection with claims that were submitted by PCLS and paid by the United States as a result of Defendants' actions, which I have been instructed by the United States to assume were in violation of the AKS and the FCA.

⁵ See United States Complaint in Intervention, pg. 3.

⁶ See **Exhibit 3** for listing of information and documents considered.

14. I have determined that Medicare suffered damages related to the payment of improper claims connected to Defendants' actions during the Relevant Period of the following amounts:⁷

Alleged Scheme	November 26, 2010 through December 12, 2015	
	Patient Referral Count	\$ Amount
Smith Kickback Scheme	5,172	\$ 2,655,666
Kumar Compensation Scheme	3,713	\$ 1,985,351
Loan Scheme	2,661	\$ 1,125,011
Analyzer Scheme	1,566	\$ 821,906
Total	13,112	\$ 6,587,933

15. I understand that the FCA provides for the assessment of statutory civil penalties in the range of \$5,000 to \$10,000, as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note; Public Law 104-4101), for each false claim submitted. I further understand that the amount of civil penalties assessed against any Defendant found to be liable under the FCA will be determined by the United States District Court for the Western District of North Carolina, Charlotte Division, at a later date. My opinion does include, however, a detailed analysis as to the quantity of false claims alleged to have been submitted during the Relevant Period and attributable to the various kickback schemes alleged by the United States (*see* Section VI, *infra*).

VI. Analysis of the Medicare Data Related to PCLS Patient Referrals⁸

16. Payment from the Medicare program comes from a trust fund – called the Medicare Trust Fund. Medicare is administered by the Centers for Medicare and Medicaid Services (“CMS”). CMS contracts with private entities referred to as Medicare Administrative Contractors (“MACs”) to act as its agents for purposes of administering (paying) claims submitted by health care providers. The primary source of information used to identify amounts paid by Medicare in this matter is the claims data set obtained from Palmetto GBA. Palmetto GBA is the MAC to which PCLS submitted its claims for UDT services. The claims data set included 4,484,696 records (or lines of data) corresponding with payments totaling over \$125 million. The table below illustrates the record count and associated dollar amounts by year based on the raw data production from the MAC⁹:

⁷ See **Exhibit 4** for a summary of patient referral quantities and dollar amount of claims submitted during the Relevant Period by scheme.

⁸ I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

⁹ See **Exhibit 5** for a summary of total records reviewed by year and dollar amount.

Year	Count of Records	\$ Amount
2009	12,384	\$ 235,199
2010	39,227	\$ 1,247,843
2011	366,075	\$ 8,522,506
2012	821,785	\$ 25,004,091
2013	1,051,524	\$ 33,382,674
2014	1,542,228	\$ 41,921,884
2015	651,473	\$ 14,759,547
Total	4,484,696	\$ 125,073,745

17. Medicare assigns each claim submission a unique identifier, also referred to as a Claim Control Number (“CCN”). Each unique CCN can include multiple procedural records each with a specific CPT code.¹⁰ The population of claims records for PCLS contained 589,335 unique CCN values.
18. I discussed the PCLS claims data with representatives from the MAC in order to understand the data fields included with each record and related attributes of those fields. The vast majority of claims data was comprised of records associated with payments ultimately made by Medicare for procedures performed by PCLS. The claims data also included certain records that were captured by Medicare for tracking the status of claims which were modified or ultimately denied for payment. My analysis included steps to remove these records that were not reflective of a final paid claim to ensure that I calculated damages on records corresponding to final claims paid.
19. A key data field used to identify final paid claims was a status code field associated with each record which indicates whether a particular procedure line item was approved, paid, denied, deleted, or otherwise edited.¹¹ Among the various status codes, I understand that status code “D” typically indicates a line item claim that was approved and paid. I excluded claims records with “D” status codes that had \$0 in the payment amount field, which reduced the population from 4,484,696 records to 3,614,163 records. As a measure of the total CCNs, this data filter reduced the initial population of 589,335 CCNs to 445,330 CCNs.
20. Next, I filtered the data set to identify records related to specific physicians and time periods meeting parameters provided to me by the United States. The resulting PCLS claims included 20,763 CCNs comprised of 184,494 total records. These records reflected a total amount paid by Medicare of \$6,724,039.
21. I then analyzed this data to identify instances of fully reversed or adjusted claims in order to exclude those records from the data set. I identified fully reversed records as those with status code “D” that

¹⁰ A CPT Codes is a Current Procedural Terminology code. It is a medical code set by the American Medical Association which created the CPT data over 40 years ago to provide health care professionals with a uniform language for medical coding and medical billing. (www.ama-assn.org).

¹¹ See “Palmetto Status Descriptions” screenshot provided by Palmetto GBA, LLC.

also had a corresponding status code “Q” for the same patient, CPT code, and dollar amount paid. I identified adjusted records as those where any unique patient and address combination contained both a status code “D” and a status code “Q.” I understand that status code “Q” indicates a full claim adjustment, meaning that the particular claim containing that code has been reprocessed or adjusted. I removed all such records as they may not be indicative of a final claims paid amount.¹² After removing such records, the data contained 20,593 CCNs comprised of 183,089 records, amounting to a total of \$6,675,482.

22. I also analyzed the resulting data for potential duplicate claims (same patient, date, amount and CPT code) in order to prevent the double counting of records indicating that multiple instances of the same procedure were performed for the same patient on the same day. Based on this analysis, the quantity of CCNs remained consistent at 20,593; however, the total records were reduced to 181,395 and the total paid amount was reduced by approximately \$88,000, resulting in a total paid amount of \$6,587,933.
23. There can be multiple claims for a given patient on a given day which are indicated by unique CCN numbers. For purposes of determining the count of doctor-patient-service encounters that might constitute a false claim to the government, I have aggregated the claims for each patient and date of service in order to calculate a single “Patient Referral” instance per day as the claim to the government. For example, if a patient had multiple claims (i.e. multiple CCNs) from one physician on a given date for services provided by PCLS and paid for by Medicare, that would constitute a single Patient Referral. After applying the aforementioned data filters to restrict the data to only those records indicative of final paid claims, there were 13,112 unique Patient Referrals.
24. I have also analyzed the PCLS Medicare claims data to observe the relevant counts of procedures associated with each Patient Referral and in the aggregate. My review of the remaining PCLS CMS data indicated that the number of testing procedures (CPT codes) paid per Patient Referral ranged from one to twenty-seven procedures. Of the 13,112 Patients Referrals related to the PCLS Kickback Schemes based on the parameters provided by the United States, 11,004, or 84%, included 12 or more different CPT codes. These patient referrals including 12 or more CPT codes accounted for \$5,796,653, or 88%, of the total claims paid amount of \$6,587,933.¹³
25. My analysis also included a summary-level review of the CPT codes included in the PCLS CMS data production. The majority of the CPT codes began with the number 8, which I understand reflect pathology and laboratory tests. This was consistent with my understanding of the testing procedures

¹² The items removed were comprised of 170 CCNs and 1,405 records, which reflect 0.8% of the respective filtered populations prior to removal.

¹³ See **Exhibit 6** for a summary of patient referral quantities and dollar amount of claims submitted during the Relevant Period by CPT code count.

offered by PCLS.¹⁴ I also noted several codes beginning with the letter “G,” which I understand reflect temporary codes for “items or services requiring uniform national coding between one year’s update and the next.”¹⁵ Refer to **Exhibit 7** for a listing of the quantity and dollar amounts associated with the different CPT codes included in the de-duplicated PCLS CMS data.

VII. Claims Paid by Medicare Associated with PCLS Kickback Schemes

26. I have been asked to evaluate the number of alleged improperly-paid claims related to the PCLS Kickback Schemes. I have been instructed by the United States to make assumptions in determining which claims were improper.
27. Based on the assumptions and parameters below, I have determined that the Medicare program paid PCLS at least \$6,587,933 for claims that were false or tainted by the alleged PCLS Kickback Schemes and as a result was damaged in that amount. This amount corresponded to the payment for 179,647 testing procedures (identified by CPT code) and 13,112 Patient Referrals submitted over the Relevant Period.¹⁶
28. First, I have been asked to assume that Defendants are liable for the actions alleged in the Complaint, that their conduct violated the FCA and AKS, and as a result, that claims paid to PCLS during the Relevant Period were tainted and false. I have been asked to assume that each of the physicians and physician practices involved in the PCLS Kickback Schemes referred patient samples to PCLS for UDTs as a direct result of the alleged kickbacks.
29. Second, I have identified the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service. I have not been instructed to exclude any CPT codes. I understand based on discussions with the United States that the service dates included with the parameters all occurred after the alleged kickback schemes commenced. I was instructed to assume that claims submitted to Medicare by PCLS during these time periods were improper. These parameters as well as a description of each alleged kickback scheme are as follows¹⁷:

¹⁴ See Medicare Claims Processing Manual, Chapter 23 – Fee Schedule Administration and Coding Requirements (Rev. 10/23/2019), pg. 26-27.

¹⁵ See Medicare Claims Processing Manual – CMS, Chapter 23 – Fee Schedule Administration and Coding Requirements (Rev. 10/23/2019), pg. 14.

¹⁶ See **Exhibit 7** for a summary of claim counts and claim dollar amounts by CPT code.

¹⁷ See also **Exhibit 8** for parameters provided by DOJ.

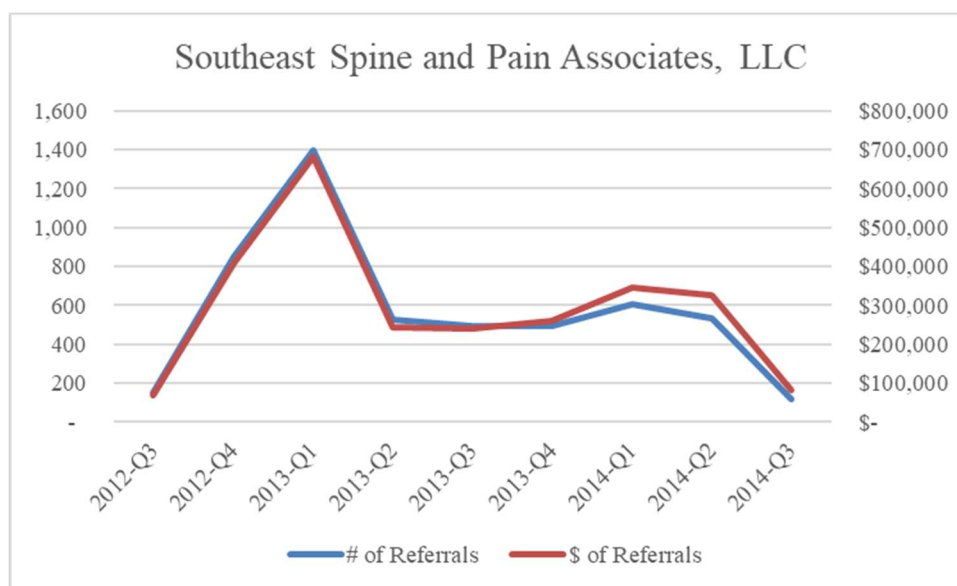
Alleged Scheme	Referring Practice/Physician	NPI #	Claim Dates
Smith Kickback Scheme	<u>Southeast Spine & Pain Associates:</u>		
	Dr. Barry Roseman	1699777474	08/01/12 - 07/31/14
	Tonya Ambler, NP	1316040454	08/01/12 - 07/31/14
	Portia Hutchinson, NP	1336148519	08/01/12 - 07/31/14
	Dr. Thomas Miller	1497743660	08/01/12 - 07/31/14
	Dr. Jean McGuire	1558597765	08/01/12 - 07/31/14
	Larry Sims, PA	1891821674	08/01/12 - 07/31/14
	Teodora Neagu, NP	1891891081	08/01/12 - 07/31/14
Kumar Compensation Scheme	<u>Pain Management Solutions:</u>		
	Dr. Gregory Masimore	1104878982	11/01/10 - 10/26/15
	<u>Avicenna Pain Relief:</u>		
	Dr. Yunus Shah	1376595892	01/17/11 - 01/26/15
Loan Scheme	<u>Institute of Pain Management:</u>		
	Dr. Orlando Florete	1104922541	07/29/13 - 03/11/15
	Shannon Groleau, NP	1023254299	07/29/13 - 03/11/15
	Dr. Jawed Hussain	1578669933	07/29/13 - 03/11/15
	Dr. Marisol Arcila	1972708584	07/29/13 - 03/11/15
	Jody Crisostomo, PA	1700829033	07/29/13 - 03/11/15
	Dr. Luiz Massa	1932317054	07/29/13 - 03/11/15
	Dr. Francisco Judilla	1174527972	07/29/13 - 03/11/15
	Lauren Rhoden, NP	1689088247	07/29/13 - 03/11/15
	<u>Confidential Care:</u>		
	Dr. Sanker Jayachandran	1679515035	08/28/14 - 12/01/14
Analyzer Scheme	<u>Lighthouse Medical:</u>		
	Dr. John Johnson	1790764207	06/12/12 - 07/15/13
	<u>Cleveland Back & Pain:</u>		
	Dr. John Nickels	1629181490	06/14/12 - 11/07/13

Smith Kickback Scheme

30. I understand that one scheme involved Mr. Smith making payments and providing software to a pain clinic, Southeast Spine and Pain Associates (“SSPA”), in Knoxville, TN, in order to induce physicians at SSPA to order UDTs exclusively from PCLS (“Smith Kickback Scheme”).¹⁸
31. The United States has alleged that after orders from SSPA to PCLS declined sharply in the first half of 2012, Mr. Smith transferred \$300,000 to the company of a business associate, James Lord, to facilitate Lord’s purchase of SSPA.
32. The United States has also alleged that Mr. Smith provided free practice management software and associated computer hardware and related services to the clinic. I have been instructed by the United

¹⁸ I understand that SSPA was formerly known as Advanced Pain Therapeutics (“APT”). See United States Complaint in Intervention, pg. 25.

States to assume that as a result of the Smith Kickback Scheme, physicians at SSPA referred patient samples to PCLS for UDTs from August 1, 2012 through July 31, 2014.¹⁹ Physicians at SSPA made 5,172 Patient Referrals during this time period, which amounted to \$2,655,666 in claims paid to PCLS under the Smith Kickback Scheme. I have analyzed the related Medicare claims data and noted an increase in claims submitted by PCLS as a result of the referral of patient samples from SSPA physicians beginning in the second half of 2012 and continuing through 2013 into the beginning of 2014.²⁰



Kumar Compensation Scheme

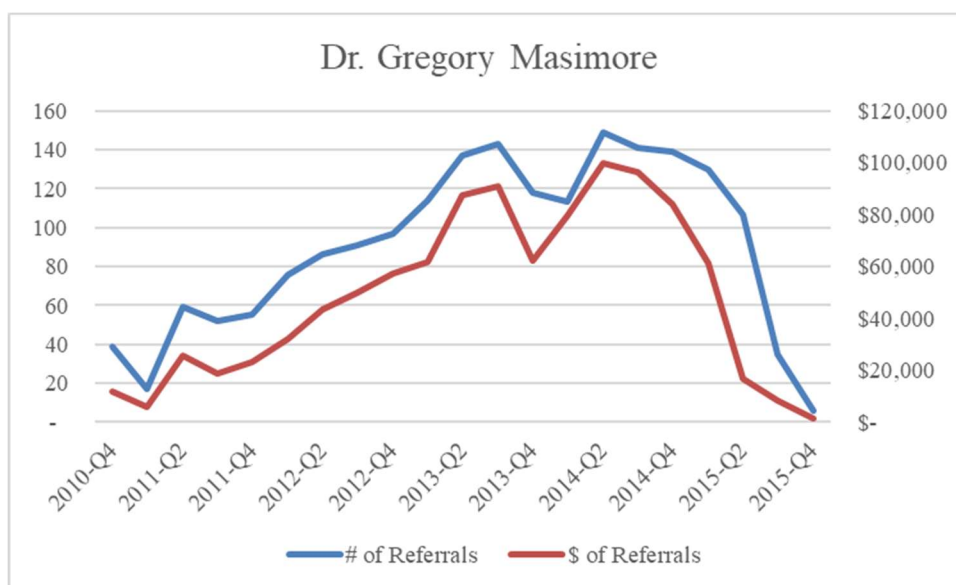
33. A second scheme involved Mr. Kumar earning commissions based on a percentage of PCLS revenue in exchange for arranging for and recommending that certain physician practices order tests from PCLS (the “Kumar Compensation Scheme”).²¹ I have been informed by the United States that pursuant to his arrangement with PCLS, Mr. Kumar arranged for two physicians with whom he had an existing relationship, Dr. Gregory Masimore and Dr. Yunis Shah, to order UDTs from PCLS. The Complaint alleges that PCLS paid Kumar over \$600,000 in commissions related to his services on its behalf.

¹⁹ See “FR DOS” and “TO DOS” in CMS data.

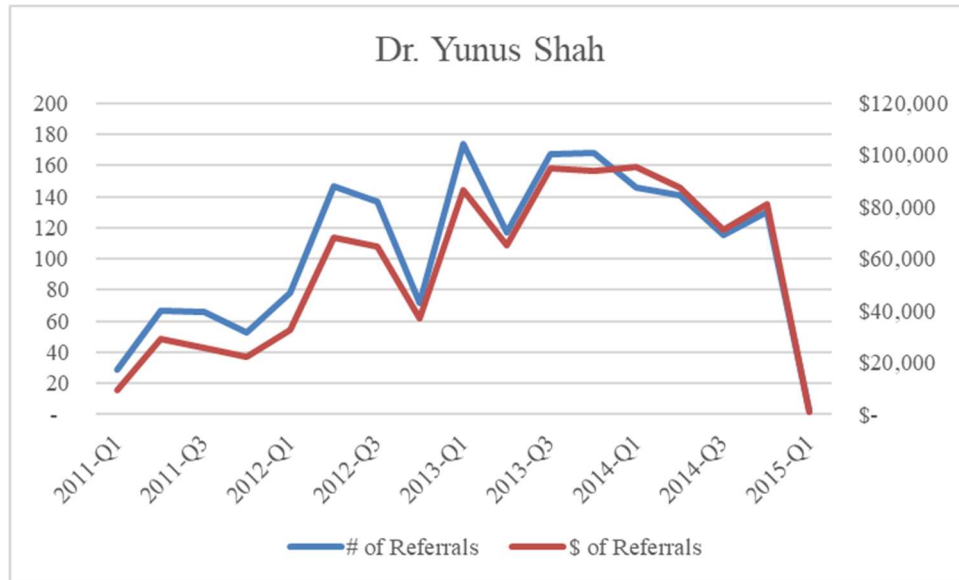
²⁰ See **Exhibits 9 & 9.A.**

²¹ See United States Complaint in Intervention, pg. 38.

34. I have been instructed by the United States to assume that as a result of Mr. Kumar's actions, Dr. Masimore referred patient samples to PCLS for UDTs from November 1, 2010 through October 26, 2015, and Dr. Shah referred patient samples to PCLS for UDTs from January 17, 2011 through January 26, 2015. Dr. Masimore made 1,904 Patient Referrals during this time period, which amounted to \$1,018,948 in claims paid to PCLS. Dr. Shah made 1,809 Patient Referrals during this time period, which amounted to \$966,402 in claims paid to PCLS. In total, there were 3,713 Patient Referrals, which amounted to \$1,985,351 in claims paid to PCLS under the Kumar Compensation Scheme. I have analyzed the related Medicare claims data and noted that claims submitted by PCLS as a result of the referral of patient samples to PCLS for UDTs from these doctors increased steadily over time beginning in early 2011, reaching peak levels in mid-2014.²²



²² See Exhibits 9 & 9.B.



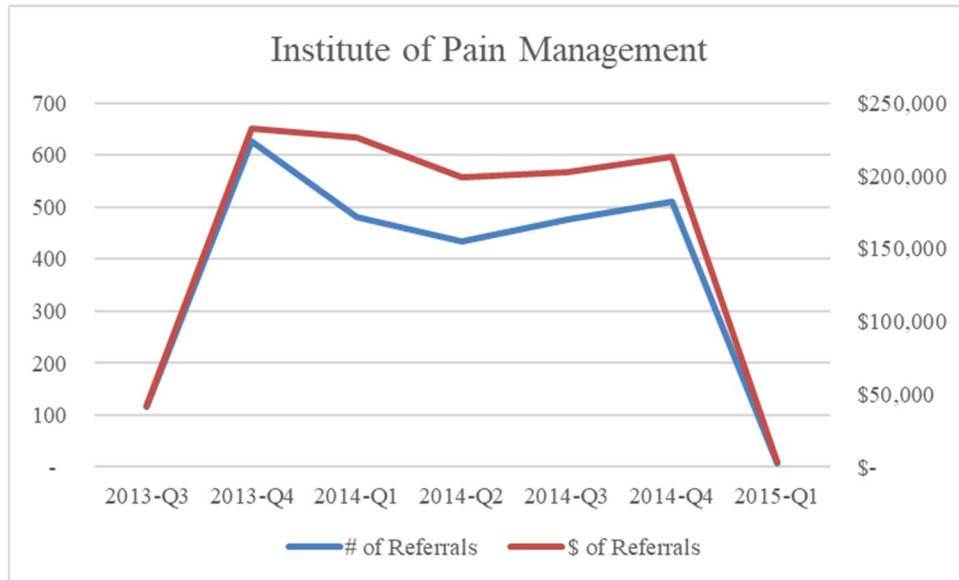
Loan Scheme

35. In a third scheme, I understand that two physicians were induced to send patient samples to PCLS for UDTs in exchange for receiving loans (the “Loan Scheme”). I understand that the first instance involved \$2 million in loans to Dr. Orlando Florete (the “Florete Loans”), and the second involved a \$50,000 loan to Dr. Sanker Jayachandran (the “Jayachandran Loan”).²³
36. Regarding the Florete Loans, the Complaint alleges that Dr. Florete and Mr. McHugh entered into a loan agreement on October 18, 2013, pursuant to which Dr. Florete was wired \$1.7 million by Mr. McHugh. The Complaint further alleges that on March 24, 2014, Mr. McHugh provided Dr. Florete with an additional \$300,000. I have been instructed by the United States to assume that as a result of receiving these loans, Dr. Florete and other physicians at the Institute of Pain Management in Jacksonville, FL, which I understand was owned by Dr. Florete, referred testing samples to PCLS from July 29, 2013 through March 11, 2015.²⁴ Dr. Florete and the other physicians at the Institute of Pain Management made 2,652 Patient Referrals during this time period, which amounted to \$1,119,053 in claims paid to PCLS. I have analyzed the related Medicare claims data and noted an increase in PCLS’ claims submissions based off referrals from Dr. Florete and other physicians at the Institute of Pain Management beginning in the third quarter of 2013 with a notable increase in the fourth quarter of 2013.²⁵

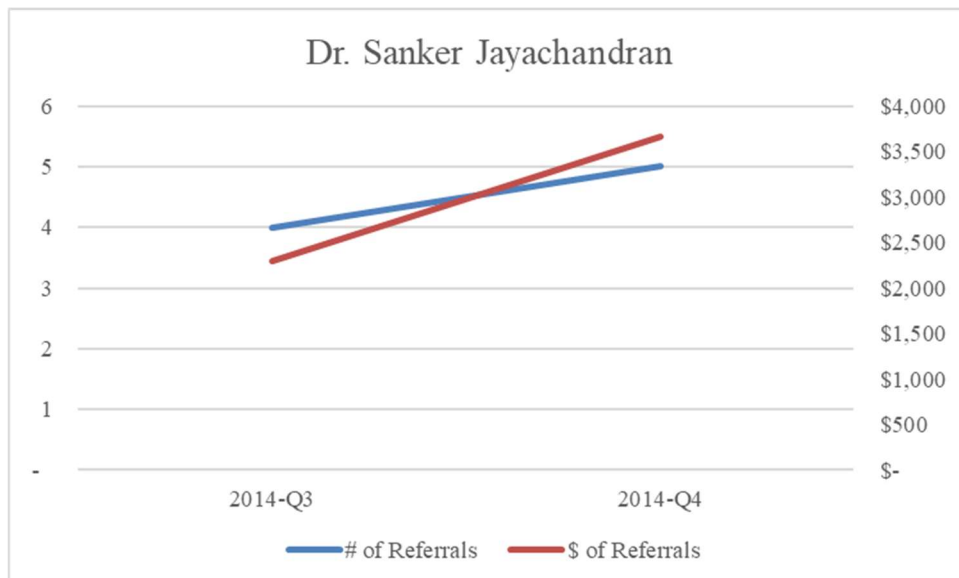
²³ See United States Complaint in Intervention, pg. 38-40.

²⁴ See “FR DOS” and “TO DOS” in CMS data.

²⁵ See Exhibits 9 & 9.C.



37. Regarding the Jayachandran Loan, I have been instructed by the United States to assume that as a result of receiving this loan, Dr. Jayachandran referred patient samples to PCLS for UDTs from August 28, 2014 through December 1, 2014.²⁶ Dr. Jayachandran made 9 Patient Referrals during this time period, which amounted to \$5,959 in claims paid to PCLS. I have analyzed the related Medicare claims data and noted that all claim submissions by PCLS for UDTs referred by Dr. Jayachandran occurred during the third and fourth quarters of 2014.²⁷



²⁶ See “FR DOS” and “TO DOS” in CMS data.

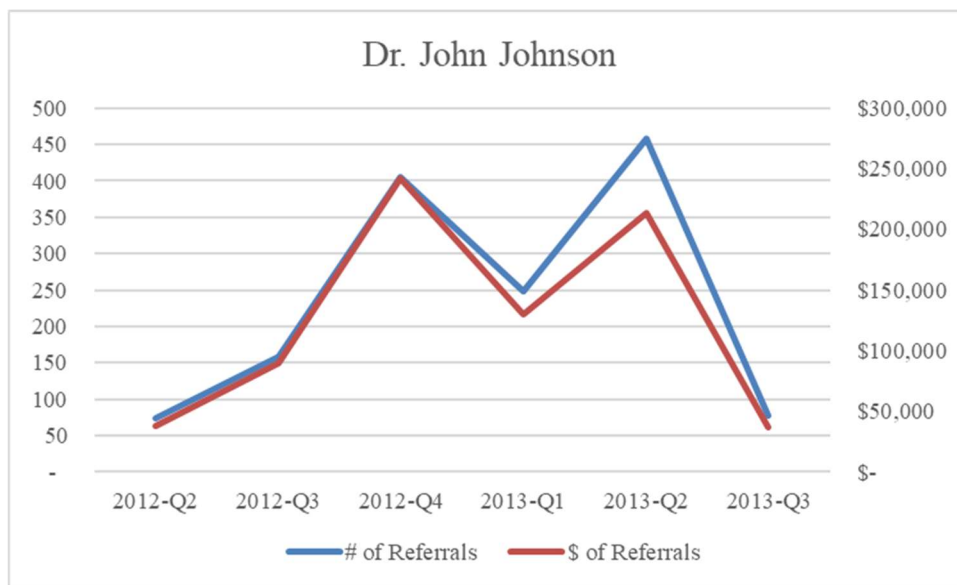
²⁷ See Exhibits 9 & 9.C.

38. In total, there were 2,661 patient referrals, which amounted to \$1,125,011 in claims paid to PCLS under the Loan Scheme.

Analyzer Scheme

39. In a fourth scheme, I understand that two physicians, Dr. John Johnson, and Dr. John Nickels, were allegedly induced to send patient samples to PCLS for UDTs in exchange for receiving assistance from PCLS in establishing moderate complexity labs using their own analyzer equipment, which McHugh and Kumar also helped them obtain (the “Analyzer Scheme”).²⁸

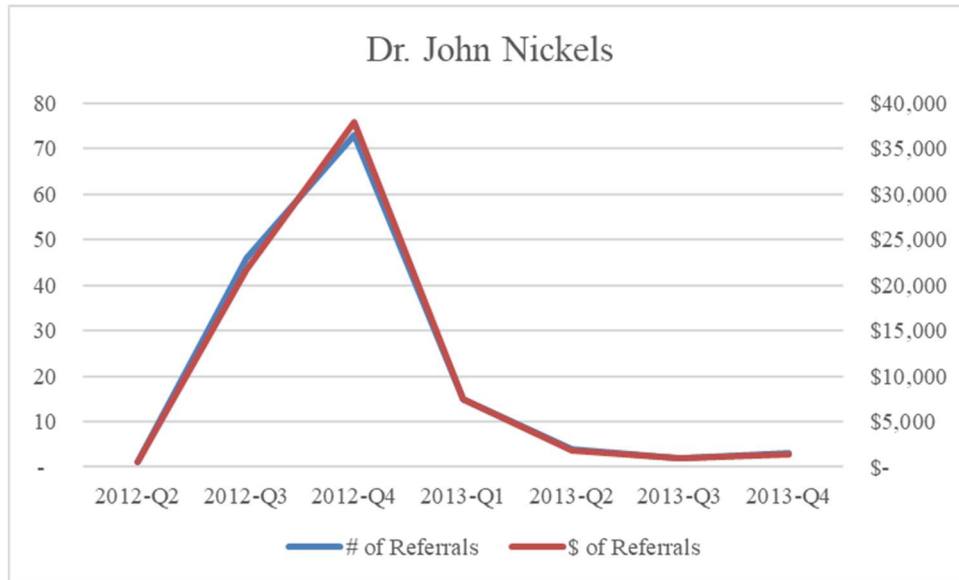
40. I understand that in connection with this scheme, Dr. Johnson referred samples to PCLS from June 12, 2012 through July 15, 2013, and Dr. Nickels referred samples to PCLS from June 14, 2012 through November 7, 2013.²⁹ Dr. Johnson made 1,422 Patient Referrals during this time period, which amounted to \$750,273 in claims paid to PCLS. Dr. Nickels made 144 Patient Referrals during this time period, which amounted to \$71,633 in claims paid to PCLS. In total, there were 1,566 patient referrals, which amounted to \$821,906 in claims paid to PCLS under the Analyzer Scheme. I have analyzed the related Medicare claims data and noted that claims submissions for these doctors increased during the second half of 2012, specifically in the fourth quarter.³⁰



²⁸ See United States Complaint in Intervention, pg. 28-29.

²⁹ See “FR DOS” and “TO DOS” in CMS data.

³⁰ See **Exhibits 9 & 9.D** for a summary of patient referral quantities and dollar amount of claims submitted during the Relevant Period by scheme and physician.



VIII. Summary of Claims Paid by Medicare Associated with PCLS Kickback Schemes

41. In summary, I have evaluated the number and amount of allegedly improper claims paid by the United States related to the PCLS Kickback Schemes to pay physicians and physician groups in exchange for UDT referrals. My evaluation was based on the assumptions and parameters provided to me by the United States, which have been discussed herein. I have determined that 13,112 improper claims were paid by the United States to PCLS, amounting to \$6,587,933 in damages.

Alleged Scheme	Referral Provider NPI	Referral Provider Name	Total #	Total \$
Smith Kickback Scheme	1316040454	Tonya Ambler, NP	1,250	\$ 650,835
	1336148519	Portia Hutchinson, NP	717	\$ 340,623
	1558597765	Dr. Jean McGuire	265	\$ 124,427
	1497743660	Dr. Thomas Miller	247	\$ 150,619
	1891891081	Teodora Neagu, NP	489	\$ 309,523
	1699777474	Dr. Barry Roseman	824	\$ 412,314
	1891821674	Larry Sims, PA	1,380	\$ 667,325
Total			5,172	\$2,655,666
Kumar Compensation Scheme	1104878982	Dr. Gregory Masimore	1,904	\$ 1,018,948
	1376595892	Dr. Yunus Shah	1,809	\$ 966,402
Total			3,713	\$1,985,351
Loan Scheme	1972708584	Dr. Marisol Arcila	248	\$ 91,055
	1700829033	Jody Crisostomo, PA	69	\$ 25,157
	1104922541	Dr. Orlando Florete	519	\$ 217,287
	1023254299	Shannon Groleau, NP	578	\$ 257,028
	1578669933	Dr. Jawed Hussain	959	\$ 409,060
	1679515035	Dr. Sanker Jayachandran	9	\$ 5,959
	1174527972	Dr. Francisco Judilla	69	\$ 28,749
	1932317054	Dr. Luiz Massa	210	\$ 90,717
Total			2,661	\$1,125,011
Analyzer Scheme	1790764207	Dr. John Johnson	1,422	\$ 750,273
	1629181490	Dr. John Nickels	144	\$ 71,633
Total			1,566	\$ 821,906
Grand Total			13,112	\$6,587,933

IX. Reservations

42. I understand that discovery is ongoing in this matter, which could result in additional information including documents and relevant testimony becoming available that could impact the results of my analysis. I reserve the right to supplement and revise my conclusions should new information become available to me subsequent to the filing of my report.



Eric Hines, CPA, CFF, CHC

October 5, 2020

Date



Eric A. Hines

CPA, CFF, CHC

Partner

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Eric Hines, a Partner with StoneTurn, brings almost two decades of experience in forensic accounting, controls / compliance and dispute consulting engagements. He serves as a consultant to attorneys and corporations in matters involving complex financial and accounting issues. Eric also has extensive experience working with and for Federal and State Government agencies, such as the U.S. Department of Justice (DOJ), U.S. Securities and Exchange Commission (SEC) and State Attorney General's Offices.

Eric has led a variety of matters involving the interpretation and application of U.S. Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS) and Generally Accepted Auditing Standards (GAAS), and often advises counsel and clients on government enforcement and financial reporting issues. Eric has significant experience performing forensic accounting investigations and restatements related to areas such as revenue recognition, complex purchase accounting, fair valuation, transfers of financial assets, promotional allowances, inventory, reserves, kickback payments and various other financial reporting issues. His engagements frequently involve the use of forensic data analytics to identify indicators of possible fraudulent, abusive or wasteful activities.

Eric also has a wide range of experience in providing support to counsel on litigation matters involving complex finance and accounting issues such as commercial damages, post-acquisition disputes, accounting / audit malpractice and matters involving the False

Education

B.B.A., Accounting,
University of
Massachusetts—
Amherst

Practice Areas

Litigation

Investigations

Compliance & Monitoring

Data Analytics

Claims Act (FCA), Anti-Kickback Statute (AKS) and Financial Industry Regulatory Authority (FINRA) claims. His significant litigation experience includes pre-trial consulting, attending depositions as counsel's financial and accounting adviser, financial modeling, preparation of reports and providing expert testimony at deposition, trial and arbitration. Eric also has extensive experience on corporate monitoring matters and engagements requiring the assessment of internal controls.

Eric has worked with clients across a range of industries, including pharmaceuticals, medical devices, telecommunications, software, energy, media & entertainment, financial services, manufacturing, consumer products and healthcare.

Prior to joining StoneTurn, Eric provided forensic and dispute consulting services at Deloitte. He began his career auditing public and private companies. He was also a part-time instructor of postgraduate courses in forensic accounting and fraud examination at Northeastern University in Boston.

Eric is a Certified Public Accountant (licensed in the Commonwealth of Massachusetts), Certified in Financial Forensics and Certified in Healthcare Compliance.

PREVIOUS EXPERIENCE

- Deloitte & Touche LLP (2002 – 2006), Financial Advisory Services, Boston, MA
- Arthur Andersen LLP (2000–2002), Audit, Boston, MA

PUBLICATIONS

- *The Going Concern Question in the COVID-19 Crisis*, co-author, Accounting Today, June 2020

PROFESSIONAL AFFILIATIONS / OTHER

- Certified Public Accountant (CPA) licensed in the Commonwealth of Massachusetts
- Certified in Financial Forensics (CFF) by the American Institute of Public Accountants
- Certified in Healthcare Compliance (CHC) by the Compliance Certification Board
- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Massachusetts Society of Certified Public Accountants (MSCPA)
- Member, Association of Certified Fraud Examiners (ACFE)
- Member, Health Care Compliance Association (HCCA)

SELECT PROFESSIONAL EXPERIENCE

Accounting Consulting Engagements

- Eric has investigated various accounting and financial reporting issues at public and private companies, both domestically and abroad. Many of these matters resulted in financial statement restatements and presentations of findings to regulators, audit committees, banks and other relevant parties. These matters have included such topics as revenue recognition, acquisition accounting, promotional allowances, inventory accounting and reserves.
- Eric has served as accounting and financial advisor to companies and their counsel in post-acquisition disputes. For example, he recently advised a large international private equity firm on litigation matters involving financial and accounting issues pertaining to its largest portfolio investment, a multibillion dollar public-to-private acquisition.
- Eric has assisted multiple corporations with accounting records reconstruction and financial statement restatements in a variety of industries. He recently oversaw a large internal controls and restatement project involving the correction of multiple years of financial results for a public registrant. Our analysis covered a variety of financial statement areas, including revenue recognition, reserves, purchase accounting and goodwill and long-lived asset impairment.
- Eric has experience testifying as an expert witness and fact witness in matters involving the analysis and interpretation of accounting records, analyses of transactional data, calculation of damages and evaluation of investor claims in securities arbitration.
- Eric provided financial consulting advice and litigation support to a large law firm representing certain defendants in a multibillion dollar securities suit covering topics such as accounting fraud, auditing, investment banking due diligence and issuance of securities.
- Eric has led multiple engagements assisting counsel with defense of corporations and individuals in matters focused on securities fraud, breach of fiduciary duty, as well as accounting and audit malpractice.
- Eric has led multiple investigations into procurement fraud and asset misappropriation, including matters involving fake vendors, kickback schemes, payroll fraud and expense fraud.

Healthcare & Pharmaceuticals

- Eric ran multiple engagements where StoneTurn was engaged by the Department of Justice Fraud Section, Civil Division, and the United States Attorney's Office for the District of Massachusetts to assist on matters related to pricing litigation involving pharmaceutical manufacturers around the alleged inflation of average wholesale price (AWP) to industry reporting compendia. Medicare and Medicaid use AWP as a metric to determine

reimbursement amounts. StoneTurn conducted data analytics on tens of millions of transactions to identify and review sales and other related data sets relevant to AWP, recalculated drug pricing and benchmarked those against those reported by the manufacturers.

- Eric led an engagement where StoneTurn was engaged by the DOJ to conduct a pricing analysis and prepare an expert report in a matter involving a pharmaceutical manufacturer's alleged underpayment of Medicaid rebates. Our work involved analyzing millions of sales transactions and creating financial models to analyze bundled prices and, ultimately, quantifying the potential underpayment of Medicaid Rebates.
- Eric led an engagement where StoneTurn was retained to assess the compliance with reporting requirements collaboration agreement requiring a profit split between two pharmaceutical companies. Based upon the requirements set forth in the collaboration agreement, StoneTurn tested the historical profit calculations, compliance with the requirements set forth in the agreement, and quantified the impact of including certain costs that potentially should be excluded from the calculations under the agreement.
- Eric oversaw an engagement where StoneTurn provided forensic accounting and forensic data analytic services to a publicly-traded pharmaceutical company in connection with joint inquiries by the DOJ and SEC into potential FCPA, product marketing and financial reporting issues. Our work involved detailed analyses of sales through specialty distributors, expense reporting data, payments to government officials and vendors, and the creation of visual analytics in a presentation of findings.
- Eric led a matter where StoneTurn was engaged by a government agency to provide financial consulting and forensic accounting services in connection with a civil enforcement investigation and related litigation involving allegations of Anti-Kickback Statute violations by medical testing entities and related marketing consulting firms. StoneTurn conducted a flow of funds analysis, assessed the financial statements of the various related parties and performed detailed analyses to link claims paid by federal insurance programs to alleged kickback payments to physicians.
- Eric was engaged to provide financial consulting and forensic accounting services in connection with a civil enforcement investigation and related litigation involving allegations of Anti-Kickback Statute violations by a large hospital system, an ambulance company and a municipal emergency management agency. StoneTurn conducted a flow of funds analysis involving transactions between the parties, assessed the nature of the audit reports provided by the external auditors of the related entities and conducted an analysis of the internal controls, policies, procedures and documentation regarding the arrangement.
- Eric was engaged by a large, publicly traded medical device Company and its counsel to assist with an internal investigation involving potentially improper sales and marketing practices for equipment sales. We analyzed relationships between sales professionals, healthcare providers and third-party financing entities and advised the Company as to the nature of the financial transactions and potential accounting considerations.

- Eric has assisted with confidential investigations into potential False Claims Act and Anti-Kickback Statute issues involving the reasonableness of amounts paid to entities participating in federal health insurance programs.
- Eric was engaged by counsel to a mid-sized medical device Company to provide forensic accounting and data analytics services in an internal investigation of potential financial reporting issues.
- Eric assisted with an internal investigation of a large hospital system in response to a DOJ inquiry into potentially improper billing for outlier patients.
- Eric led an engagement to assist the Seller and its Counsel in relation to a dispute involving purchase price contingencies for the sale of a pharmacy benefits manager (“PBM”). We assisted the Seller in analyzing the accuracy of earnings reported by the Buyer in connection with an earnout provision, including related to rebates from underlying pharmacy claims processing, drug pricing guarantees and other reported costs incurred by the PBM.

Compliance & Monitoring

- Eric led a team engaged as the Monitor to a large, publicly-traded mortgage servicer in accordance with a regulatory agreement. This engagement involved the review of internal controls regarding the entity’s policies and practices for servicing mortgages and evaluating compliance with relevant federal, state and industry regulations.
- Eric has significant experience with matters involving the design and execution of forensic data analytics to identify indicators of possible fraudulent, abusive or wasteful activities. For example, he oversaw a matter in which StoneTurn was engaged by the Vermont State Auditor’s Office, at the direction of the Governor, to conduct a forensic analysis of payroll transactions and perform a review of processes and procedures relating to the reporting of overtime at the Vermont Department of Public Safety.
- Eric led a team engaged as Independent Consultants to monitor, evaluate and report on the policies and procedures pertaining to revenue recognition of a large software company pursuant to a settlement with the SEC. This engagement required the approval of the appointment by the SEC and submission of a detailed report to the Staff of the SEC.
- Eric was responsible for multiple matters where the Office of the Massachusetts Attorney General appointed StoneTurn to serve as trustee to oversee the management and distribution of multimillion dollar remediation settlement funds. StoneTurn was responsible for establishing and overseeing custody and trustee accounts and for developing and executing the controls and protocols over the interim investment of, and ultimately the disbursement, of settlement funds.



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TESTIMONIAL EXPERIENCE

2018	United States of America, vs. Paramedics Plus, LLC, East Texas Medical Center Regional Healthcare System, Inc., East Texas Medical Center Regional Health Services, Inc., Emergency Medical Services Authority, and Herbert Stephen Williamson	Expert witness regarding forensic accounting and internal controls in an Anti-Kickback Statute and False Claims Act matter Deposition Testimony United States District Court for the Eastern District of Texas Case No. 4:14-CV-203
2017	United States of America v. Berkeley Heartlab, Inc., Quest Diagnostics Incorporated, Bluewave Healthcare Consultants, Inc., Health Diagnostic Laboratory, Inc., and Singulex, Inc.	Expert witness regarding forensic accounting, economic damages and analysis of flow of funds in an Anti-Kickback Statute and False Claims Act matter Deposition & Trial Testimony United States District Court for the District of South Carolina Case No. 9:11-cv-01593-RMG
2013	Richard J. Engel and Marise A. Engel v. MML Investors Services, LLC, Brion Scott Collins, Jack	Expert witness regarding calculation of total investment profit and loss in connection with a FINRA claim

Education

B.B.A., Accounting,
University of
Massachusetts—
Amherst

Practice Areas

Litigation

Investigations

Compliance & Monitoring

Data Analytics

	Richard Kapinus, Todd William Sivak and Gary Michael Tsoumas	Arbitration Testimony FINRA Case Number: 11-03793
2012	Michelle Williamson-Green, as Administratrix of the Estate of James W. Williamson IV v. Reliable Roofing and Sheet Metal, LLC, Equipment 4 Rent, Inc., and Grove U.S. LLC	Expert witness regarding economic damages in a wrongful death dispute Trial Testimony Superior Court of the Commonwealth of Massachusetts Civil Action No. 09-1682A
2011	Stuart E. Marks v. Southcoast Hospitals Group, Inc., and Tobey Homestead Restoration Trust	Summary fact witness regarding the nature of financial activity involving a series of trust accounts Trial Testimony Superior Court of the Commonwealth of Massachusetts Civil Action No. 02-1284

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 3 - Information and Documents Considered

File Name	Document Title	Description
2017.01.26_[1]_Complaint-w-XferOrder.pdf	Qui Tam Complaint	An Action to recover damages and civil penalties on behalf of the US and many states arising from false claims in violation of the False Claims Act
2019.06.20_[38]_USAComplaintInIntervention.pdf	United States Complaint Intervention	The US brings this action to recover losses from false claims submitted to the Medicare program by "Smith", "McHugh", and "Kumar"
PCLS_PowerPoint3.pdf	Exploring PCLS Laboratory & Testing with the PCLS Sales Leadership Team	Exploring PCLS Laboratory & Testing with the PCLS Sales Leadership Team
PCLS_PowerPoint1.pdf	Why PCLS	A summary of why to choose PCLS. An overview of PCLS billing and billing policy. An overview of their urine testing services.
PCLS_PowerPoint2.pdf	Introduction to PCLS Toxicology Testing	An Introduction to PCLS Toxicology Testin
PCLS_PAFs_complaint.pdf	Provider Acknowledgement Form	Provider Acknowledgement Forms
PCLS_PAFs_1.pdf	PCLS Standing Order Form	Standing Order Forms, New Account Applications, Urine/Oral Fluid Comprehensive Profile, and Provider Acknowledgement Forms
PCLS_pmts Smith to Lord_1.pdf	Transaction Detail Report	Transaction Detail Report and copy of check from Smith & Sons ENT LLC to Optimed for \$50,000 on 8-27-12
SSH GL Florete Loan (2).pdf	General Ledger	Silent Storm Holdings, LLC General Ledger
SSH_WFstmt_103113.pdf	Analyzed Business Checking	Account summary for the analyzed business checking account for Silent Storm Holdings LLC
Florete-2_Promissory Note_October2013.pdf	Promissory Note	\$1,700,000.00 Promissory Note dated October 2013
Florete-McHugh mtg 122013.pdf	Mortgage and Security Agreement	Mortgage and Security Agreement dated October 18, 2018 between Silent Storm Holdings and Aries Medical Corporation
MK-PMtoSJ transaction.pdf	Analyzed Business Checking	Copy of \$75,000 Check from Manoj Kumar to Silent Storm Holdings dated 8/29/2014
MK_email_22437.pdf	J Nickles	Email from M Kumar to Phillip McHugh with the subject "J Nickles" dated 4/30/2012
MK_email_22535.pdf	Reports	Thread of emails between John Nickles and M Kumar with the subject "Reports" dated 11/26/2012
MK_email_27039-41.pdf	Dr. Johnson Check List	Email from Phillip McHugh to M Kumar with the subject "Dr. Johnson Check List" dated 4/23/2012
MK_email_27698.pdf	Lab	Thread of emails between M Kumar and John Johnson with the subject "Lab" dated 4/26/2012
MK_email_28167.pdf	CPT Codes and Path Ahead	Email from M Kumar to Phillip McHugh with the subject "CPT Codes and Path Ahead" dated 2/1/2011

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 3 - Information and Documents Considered

File Name	Document Title	Description
MK_email_34749.pdf	Promissory Note	Email from Phil to M Kumar with the subject " Promissory Note" dated 10/10/2014. Included is an image of the Promissory Note
MKemail_rePCLS_38592.pdf	Future	Email from Phillip McHugh to M Kumar with the subject "future" dated 9/27/2012
JJ_email_9365.pdf	Lab	Thread of emails between Elan Paul Colen, John Johnson, and Steve Glenn with the subject "Lab" dated 3/9/2013
JJ_email_33233.pdf	Lab Info	Emails between Phillip McHugh and John Johnson where M Kumar was Cced with the subject "Lab Info"dated 5/14/2012
MK_email_22411.pdf	It's Jay...report attached	Email titled "It's Jay...report attached"
MK_email_22429.pdf	FYI with attachment nickdrug2.xls	Email between M Kumar and Phillip McHugh with the subject "FYI" dated 11/25/2012
Status Descriptions_Palmetto.pdf	PCLS	Status Descriptions in email from Armstrong, Katherine with the subject PCLS dated 7/1/2020
A0094600 DOJ Request Data Dictionary.xlsx	Field Name, Description, and Number	DOJ Dictionary of Requested Information
PCLS_ListClaimsDataAnalysis_050720.xlsx	PCLS Provider/Practices for Claims Data Analysis 2010-2015	PCLS Provider/Practices for Claims Data Analysis 2010-2015
NC2009.CSV	N/A	CMS Claim Data (Source File)
NC2010.CSV	N/A	CMS Claim Data (Source File)
NC2011.CSV	N/A	CMS Claim Data (Source File)
NC2012.CSV	N/A	CMS Claim Data (Source File)
NC2013.CSV	N/A	CMS Claim Data (Source File)
NC2014.CSV	N/A	CMS Claim Data (Source File)
NC2015.CSV	N/A	CMS Claim Data (Source File)
SC2009.CSV	N/A	CMS Claim Data (Source File)
SC2010.CSV	N/A	CMS Claim Data (Source File)
SC2011.CSV	N/A	CMS Claim Data (Source File)
SC2012.CSV	N/A	CMS Claim Data (Source File)
SC2013.CSV	N/A	CMS Claim Data (Source File)
SC2014A.CSV	N/A	CMS Claim Data (Source File)
SC2014B.CSV	N/A	CMS Claim Data (Source File)
SC2015.CSV	N/A	CMS Claim Data (Source File)
HHS -- OIG Special Fraud Alert - Laboratory Payments to Referring Physicians.pdf	Special Fraud Alert: Laboratory Payments to Referring Physicians	Special Fraud Alert: Laboratory Payments to Referring Physicians dated 6/25/15

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 3 - Information and Documents Considered

File Name	Document Title	Description
HHS -- OIG Special Fraud Alerts 12-19-1994.pdf	HHS -- OIG Special Fraud Alerts	This Federal Register notice sets forth the 5 previously-developed Special Fraud Alerts issued directly to the health care provider community by the HHS Office of Inspector General (OIG).
HHS-OIG Advisory Opinion No. 98-10 (Issued August 31, 1998).pdf	Advisory Request No. 98-10	Advisory Request No.98-10 dated 9/8/1998
HHS-OIG Advisory Opinion No. 99-3 (Issued on March 23, 1999).pdf	Advisory Opinion No. 99-3	Advisory Opinion No.98-3 dated 3/16/1998

United States vs. Physicians Choice Laboratory Services, LLC

Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC

Exhibit 4 - Summary of Patient Referral Counts and Claim Dollar Amounts by Alleged Scheme

Alleged Scheme	November 26, 2010 through December 12, 2015	
	Patient Referral Count	\$ Amount
Smith Kickback Scheme	5,172	\$ 2,655,666
Kumar Compensation Scheme	3,713	\$ 1,985,351
Loan Scheme	2,661	\$ 1,125,011
Analyzer Scheme	1,566	\$ 821,906
Total	13,112	\$ 6,587,933

Notes:

- [1] Source: PCLS Medicare Claims Data
- [2] I have defined "Patient Referral" as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.
- [3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 5 - Summary of Total Records Reviewed by Year and Dollar Amount

Year	Count of Records	\$ Amount
2009	12,384	\$ 235,199
2010	39,227	\$ 1,247,843
2011	366,075	\$ 8,522,506
2012	821,785	\$ 25,004,091
2013	1,051,524	\$ 33,382,674
2014	1,542,228	\$ 41,921,884
2015	651,473	\$ 14,759,547
Total	4,484,696	\$ 125,073,745

Notes:

[1] Source: PCLS Medicare Claims Data

United States vs. Physicians Choice Laboratory Services, LLC

Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC

Exhibit 6 - Summary of Patient Referral Counts and Claim Dollar Amounts by CPT Code Count

Number of CPT Codes	Associated Number of Patient Referrals	Associated Number of Patient Referrals %	Associated Amounts Paid	Associated Amounts Paid %
19 or more	616	5%	\$ 426,589	6%
18	1,280	10%	\$ 796,431	12%
17	1,295	10%	\$ 748,246	11%
16	1,170	9%	\$ 632,884	10%
15	953	7%	\$ 526,302	8%
14	1,024	8%	\$ 534,170	8%
13	1,366	10%	\$ 645,018	10%
12	3,300	25%	\$ 1,487,013	23%
11	1,249	10%	\$ 537,282	8%
10 or less	859	7%	\$ 253,999	4%
Total	13,112	100%	\$ 6,587,933	100%

Notes:

- [1] Source: PCLS Medicare Claims Data
- [2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.
- [3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC

Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC

Exhibit 7 - Summary of Claim Counts and Claim Dollar Amounts by CPT Code

CPT Code	Claim Quantity	%	\$ Amount	%
83925	12,543	6.98%	\$ 1,303,974	19.79%
80154	12,528	6.97%	\$ 629,046	9.55%
82542	10,912	6.07%	\$ 601,581	9.13%
82543	12,356	6.88%	\$ 593,717	9.01%
80299	10,181	5.67%	\$ 481,849	7.31%
82649	9,729	5.42%	\$ 337,914	5.13%
83805	12,667	7.05%	\$ 304,194	4.62%
83840	12,513	6.97%	\$ 278,628	4.23%
82145	11,501	6.40%	\$ 243,792	3.70%
82520	12,514	6.97%	\$ 220,684	3.35%
83992	10,882	6.06%	\$ 218,659	3.32%
80102	5,947	3.31%	\$ 184,294	2.80%
83789	4,032	2.24%	\$ 166,386	2.53%
82101	4,055	2.26%	\$ 162,529	2.47%
82646	6,172	3.44%	\$ 159,171	2.42%
82742	4,200	2.34%	\$ 110,986	1.68%
83520	5,377	2.99%	\$ 95,016	1.44%
82055	4,387	2.44%	\$ 92,704	1.41%
83887	2,546	1.42%	\$ 83,070	1.26%
81226	189	0.11%	\$ 80,736	1.23%
G0431	221	0.12%	\$ 21,739	0.33%
82570	2,846	1.58%	\$ 20,457	0.31%
82491	218	0.12%	\$ 20,281	0.31%
G6058	125	0.07%	\$ 18,128	0.28%
84999	94	0.05%	\$ 17,902	0.27%
80171	942	0.52%	\$ 16,670	0.25%
83986	2,848	1.59%	\$ 14,004	0.21%
G6056	203	0.11%	\$ 12,732	0.19%
81003	3,035	1.69%	\$ 9,452	0.14%
80188	404	0.22%	\$ 8,945	0.14%
83788	320	0.18%	\$ 8,474	0.13%
80100	39	0.02%	\$ 7,332	0.11%
84311	750	0.42%	\$ 7,053	0.11%
G6031	129	0.07%	\$ 6,462	0.10%
G6046	173	0.10%	\$ 5,930	0.09%
82205	366	0.20%	\$ 5,637	0.09%
G6041	121	0.07%	\$ 4,844	0.07%
82003	156	0.09%	\$ 4,221	0.06%
G6045	175	0.10%	\$ 4,188	0.06%
G6051	110	0.06%	\$ 2,904	0.04%

United States vs. Physicians Choice Laboratory Services, LLC

Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC

Exhibit 7 - Summary of Claim Counts and Claim Dollar Amounts by CPT Code

CPT Code	Claim Quantity	%	\$ Amount	%
G6053	123	0.07%	\$ 2,679	0.04%
G6052	113	0.06%	\$ 2,656	0.04%
G6042	117	0.07%	\$ 2,540	0.04%
80152	67	0.04%	\$ 1,603	0.02%
80196	156	0.09%	\$ 1,480	0.02%
G6044	113	0.06%	\$ 1,445	0.02%
80182	67	0.04%	\$ 1,043	0.02%
80160	41	0.02%	\$ 943	0.01%
80174	41	0.02%	\$ 943	0.01%
G6036	30	0.02%	\$ 941	0.01%
80184	60	0.03%	\$ 905	0.01%
G6050	38	0.02%	\$ 876	0.01%
80166	41	0.02%	\$ 850	0.01%
G6030	30	0.02%	\$ 716	0.01%
G6032	30	0.02%	\$ 689	0.01%
G6034	30	0.02%	\$ 620	0.01%
G6037	30	0.02%	\$ 466	0.01%
G0434	11	0.01%	\$ 213	0.00%
G6040	2	0.00%	\$ 26	0.00%
G6043	1	0.00%	\$ 15	0.00%
Total	179,647	100.00%	\$ 6,587,933	100.00%

Notes:

- [1] Source: PCLS Medicare Claims Data
- [2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided.
- [3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC

Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC

Exhibit 8 - Parameters for Identifying Claims within Date Ranges by Alleged Scheme and Physician

Alleged Scheme	Referring Practice/Physician	NPI #	Claim Dates
Smith Kickback Scheme	<u>Southeast Spine & Pain Associates:</u>		
	Dr. Barry Roseman	1699777474	08/01/12 - 07/31/14
	Tonya Ambler, NP	1316040454	08/01/12 - 07/31/14
	Portia Hutchinson, NP	1336148519	08/01/12 - 07/31/14
	Dr. Thomas Miller	1497743660	08/01/12 - 07/31/14
	Dr. Jean McGuire	1558597765	08/01/12 - 07/31/14
	Larry Sims, PA	1891821674	08/01/12 - 07/31/14
	Teodora Neagu, NP	1891891081	08/01/12 - 07/31/14
Kumar Compensation Scheme	<u>Pain Management Solutions:</u>		
	Dr. Gregory Masimore	1104878982	11/01/10 - 10/26/15
	<u>Avicenna Pain Relief:</u>		
	Dr. Yunus Shah	1376595892	01/17/11 - 01/26/15
Loan Scheme	<u>Institute of Pain Management:</u>		
	Dr. Orlando Florete	1104922541	07/29/13 - 03/11/15
	Shannon Groleau, NP	1023254299	07/29/13 - 03/11/15
	Dr. Jawed Hussain	1578669933	07/29/13 - 03/11/15
	Dr. Marisol Arcila	1972708584	07/29/13 - 03/11/15
	Jody Crisostomo, PA	1700829033	07/29/13 - 03/11/15
	Dr. Luiz Massa	1932317054	07/29/13 - 03/11/15
	Dr. Francisco Judilla	1174527972	07/29/13 - 03/11/15
	Lauren Rhoden, NP	1689088247	07/29/13 - 03/11/15
	<u>Confidential Care:</u>		
	Dr. Sanker Jayachandran	1679515035	08/28/14 - 12/01/14
Analyzer Scheme	<u>Lighthouse Medical:</u>		
	Dr. John Johnson	1790764207	06/12/12 - 07/15/13
	<u>Cleveland Back & Pain:</u>		
	Dr. John Nickels	1629181490	06/14/12 - 11/07/13

Notes:

[1] The above parameters provided by USAO were used to identify claims deemed potentially improper.

Alleged Scheme	Referral Provider NPI	Referral Provider Name	2010-Q4	2011-Q1	2011-Q2	2011-Q3	2011-Q4	2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4	2014-Q1	2014-Q2	2014-Q3	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	Total
Smith Kickback Scheme	1316040454	Tonya Ambler, NP									84	68	135	155	211	523	74							1,250
	1336148519	Portia Hutchinson, NP								95	487	135												717
	1558597765	Dr. Jean McGuire									7	52	87	100		19								265
	1497743660	Dr. Thomas Miller											26	8	9	27	59	118						247
	1891891081	Teodora Neagu, NP													60	37	392							489
	1699777474	Dr. Barry Roseman								41	12	766	5											824
	1891821674	Larry Sims, PA								12	259	376	277	230	215		8	3						1,380
Total			-	-	-	-	-	-	-	148	849	1,397	530	493	495	606	533	121	-	-	-	-	-	5,172
Kumar Compensation Scheme	1104878982	Dr. Gregory Masimore	39	17	59	52	55	76	86	91	97	114	137	143	118	113	149	141	139	130	107	35	6	1,904
	1376595892	Dr. Yunus Shah		29	67	66	53	78	147	137	72	174	117	167	168	146	141	115	130	2				1,809
Total			39	46	126	118	108	154	233	228	169	288	254	310	286	259	290	256	269	132	107	35	6	3,713
Loan Scheme	1972708584	Dr. Marisol Arcila												26	206	7		1	8					248
	1700829033	Jody Crisostomo, PA												25	41	3								69
	1104922541	Dr. Orlando Florete												12	88	75	51	113	180					519
	1023254299	Shannon Groleau, NP												16	112	173	187	80	10					578
	1578669933	Dr. Jawed Hussain												36	176	163	115	178	283	8				959
	1679515035	Dr. Sanker Jayachandran																4	5					9
	1174527972	Dr. Francisco Judilla															12	38	19					69
Total			-	-	-	-	-	-	-	-	-	-	-	115	627	481	433	481	516	8	-	-	-	2,661
Analyzer Scheme	1790764207	Dr. John Johnson							74	159	406	248	458	77										1,422
	1629181490	Dr. John Nickels							1	46	73	15	4	2	3									144
Total			-	-	-	-	-	-	75	205	479	263	462	79	3	-	-	-	-	-	-	-	-	1,566
Grand Total			39	46	126	118	108	154	308	581	1,497	1,948	1,246	997	1,411	1,346	1,256	858	785	140	107	35	6	13,112

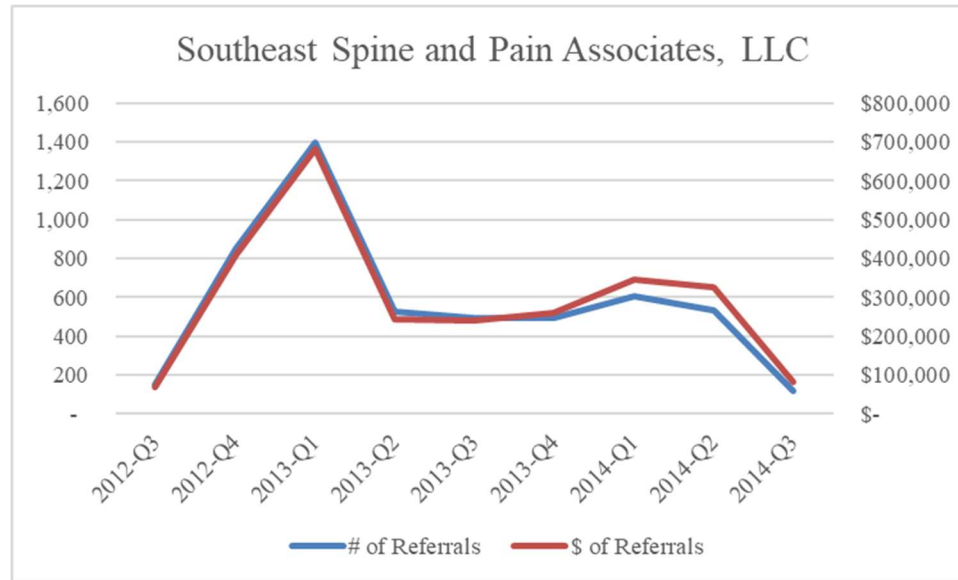
Notes:
[1] Source: PCLS Medicare Claims Data
[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.
[3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

Alleged Scheme	Referral Provider NPI	Referral Provider Name	2010-Q4	2011-Q1	2011-Q2	2011-Q3	2011-Q4	2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4	2014-Q1	2014-Q2	2014-Q3	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	Total
Smith Kickback Scheme	1316040454	Tonya Ambler, NP									\$ 40,617	\$ 32,223	\$ 62,544	\$ 77,560	\$ 99,928	\$ 294,673	\$ 43,290							\$ 650,835
	1336148519	Portia Hutchinson, NP								\$ 43,377	\$ 234,685	\$ 62,561												\$ 340,623
	1558597765	Dr. Jean McGuire									\$ 3,362	\$ 24,773	\$ 39,911	\$ 45,324		\$ 11,057							\$ 124,427	
	1497743660	Dr. Thomas Miller											\$ 11,889	\$ 3,602		\$ 4,924	\$ 15,533	\$ 35,180	\$ 79,491				\$ 150,619	
	1891891081	Teodora Neagu, NP													\$ 41,023	\$ 24,831	\$ 243,669						\$ 309,523	
	1699777474	Dr. Barry Roseman								\$ 18,558	\$ 6,074	\$ 385,055	\$ 2,627										\$ 412,314	
	1891821674	Larry Sims, PA								\$ 5,577	\$ 124,821	\$ 176,472	\$ 127,724	\$ 113,331	\$ 113,020		\$ 4,607	\$ 1,774						\$ 667,325
		Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,512	\$ 409,560	\$ 681,083	\$ 244,694	\$ 239,817	\$ 258,895	\$ 346,095	\$ 326,745	\$ 81,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,655,666
Kumar Compensation Scheme	1104878982	Dr. Gregory Masimore	\$ 11,918	\$ 6,018	\$ 25,550	\$ 18,895	\$ 22,985	\$ 32,124	\$ 43,581	\$ 50,135	\$ 57,298	\$ 61,982	\$ 87,564	\$ 91,005	\$ 62,149	\$ 79,551	\$ 99,862	\$ 96,291	\$ 84,006	\$ 61,114	\$ 16,904	\$ 8,508	\$ 1,507	\$ 1,018,948
	1376595892	Dr. Yunus Shah		\$ 9,490	\$ 29,158	\$ 25,711	\$ 22,342	\$ 32,755	\$ 68,374	\$ 64,519	\$ 37,042	\$ 86,565	\$ 65,406	\$ 95,119	\$ 93,846	\$ 95,586	\$ 87,235	\$ 71,191	\$ 80,924	\$ 1,140				\$ 966,402
		Total	\$ 11,918	\$ 15,508	\$ 54,708	\$ 44,607	\$ 45,327	\$ 64,879	\$ 111,955	\$ 114,654	\$ 94,340	\$ 148,547	\$ 152,969	\$ 186,124	\$ 155,995	\$ 175,136	\$ 187,096	\$ 167,482	\$ 164,930	\$ 62,254	\$ 16,904	\$ 8,508	\$ 1,507	\$ 1,985,351
Loan Scheme	1972708584	Dr. Marisol Arcila												\$ 9,544	\$ 75,390	\$ 2,337	\$ 406	\$ 3,378						\$ 91,055
	1700829033	Jody Crisostomo, PA												\$ 9,516	\$ 14,343	\$ 1,297								\$ 25,157
	1104922541	Dr. Orlando Florete												\$ 4,194	\$ 34,116	\$ 34,834	\$ 23,344	\$ 47,115	\$ 73,683					\$ 217,287
	1023254299	Shannon Groleau, NP												\$ 5,248	\$ 41,262	\$ 83,579	\$ 85,685	\$ 35,978	\$ 5,275					\$ 257,028
	1578669933	Dr. Jawed Hussain												\$ 13,425	\$ 66,103	\$ 78,879	\$ 56,076	\$ 74,073	\$ 116,868	\$ 3,636				\$ 409,060
	1679515035	Dr. Sanker Jayachandran															\$ 2,298	\$ 3,660						\$ 5,959
	1174527972	Dr. Francisco Judilla															\$ 4,950	\$ 15,632	\$ 8,167					\$ 28,749
	1932317054	Dr. Luiz Massa													\$ 1,165	\$ 25,131	\$ 29,166	\$ 29,549	\$ 5,705					\$ 90,717
		Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,929	\$ 232,380	\$ 226,059	\$ 199,220	\$ 205,052	\$ 216,736	\$ 3,636	\$ -	\$ -	\$ -	\$ 1,125,011
Analyzer Scheme	1790764207	Dr. John Johnson							\$ 37,808	\$ 89,461	\$ 242,300	\$ 129,939	\$ 213,581	\$ 37,184										\$ 750,273
	1629181490	Dr. John Nickels							\$ 532	\$ 21,659	\$ 37,841	\$ 7,476	\$ 1,835	\$ 927	\$ 1,362									\$ 71,633
		Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,340	\$ 111,120	\$ 280,142	\$ 137,414	\$ 215,416	\$ 38,112	\$ 1,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 821,906
		Grand Total	\$ 11,918	\$ 15,508	\$ 54,708	\$ 44,607	\$ 45,327	\$ 64,879	\$ 150,295	\$ 293,286	\$ 784,042	\$ 967,044	\$ 613,080	\$ 505,981	\$ 648,631	\$ 747,290	\$ 713,062	\$ 453,798	\$ 381,667	\$ 65,890	\$ 16,904	\$ 8,508	\$ 1,507	\$ 6,587,933

Notes:

- [1] Source: PCLS Medicare Claims Data
- [2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.
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United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 9.A – Smith Kickback Scheme Physician Trends

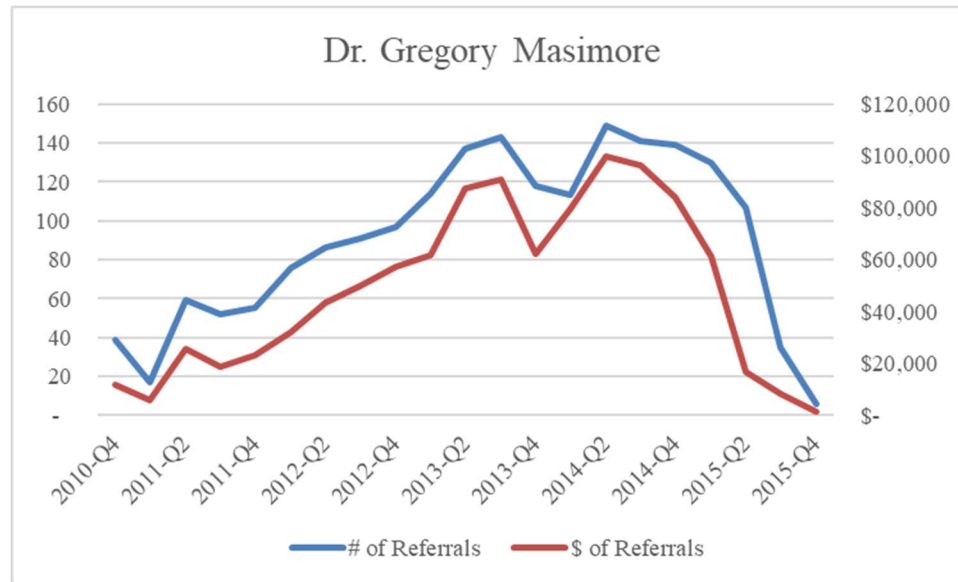


[1] Source: PCLS Medicare Claims Data

[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

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United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 9.B – Kumar Compensation Scheme Physician Trends

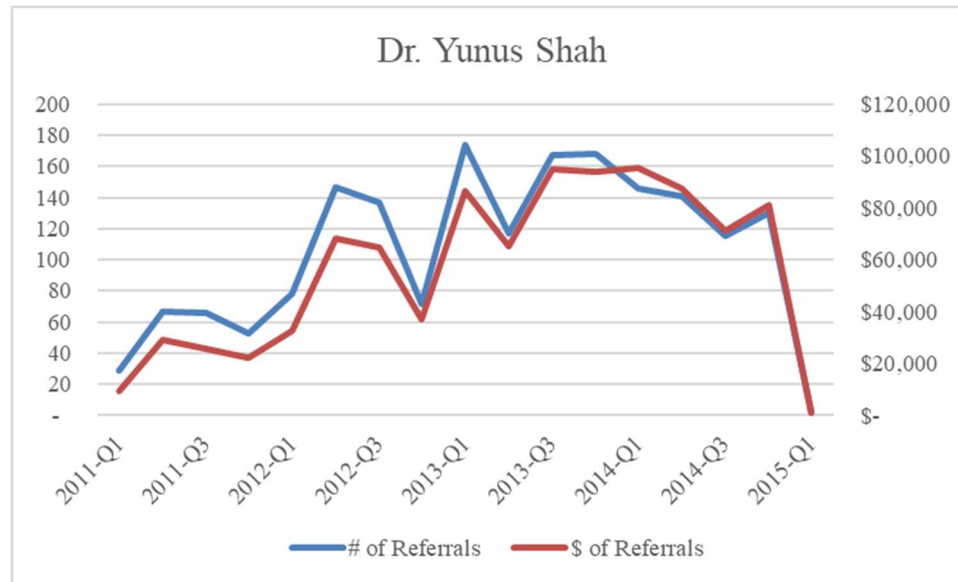


[1] Source: PCLS Medicare Claims Data

[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

[3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 9.B – Kumar Compensation Scheme Physician Trends

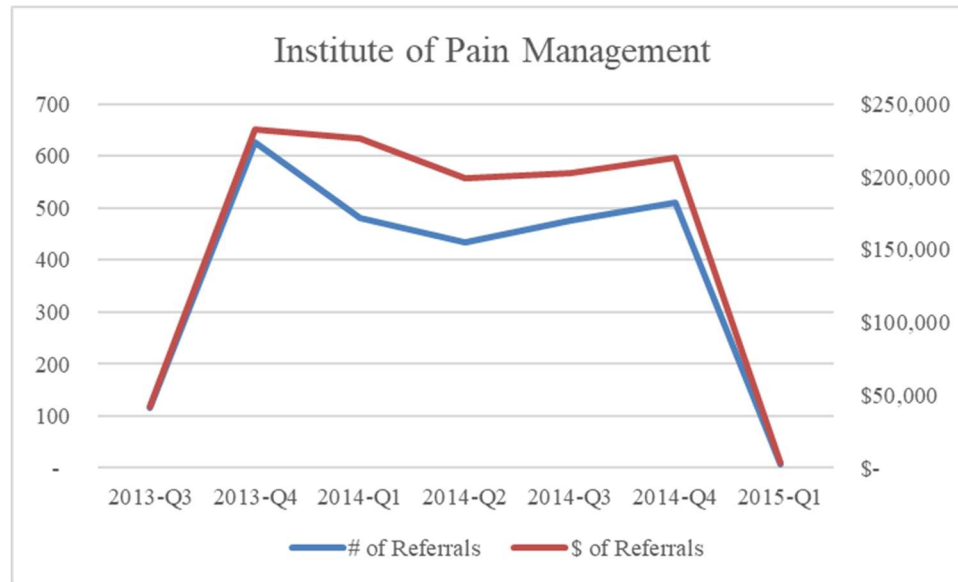


[1] Source: PCLS Medicare Claims Data

[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

[3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 9.C – Loan Scheme Physician Trends

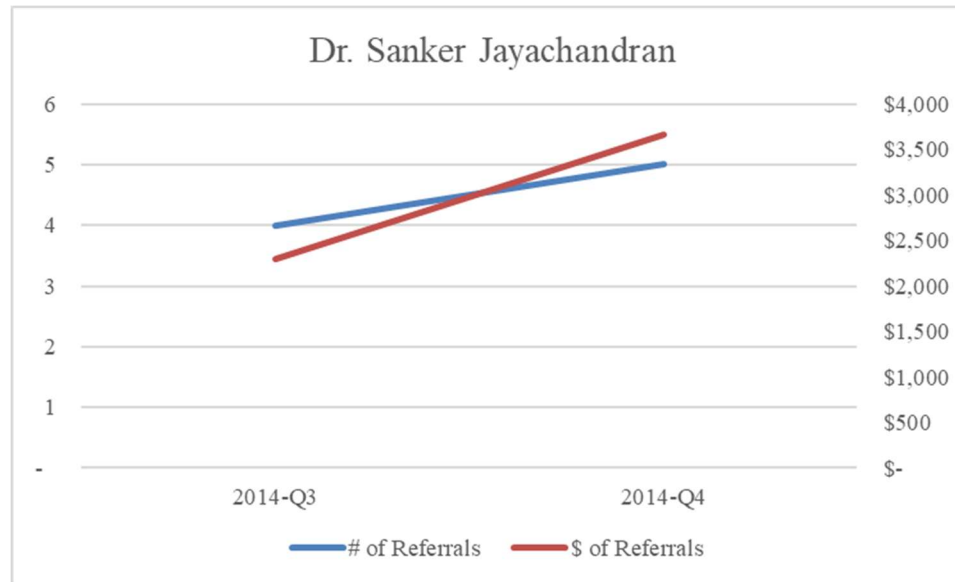


[1] Source: PCLS Medicare Claims Data

[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

[3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 9.C – Loan Scheme Physician Trends

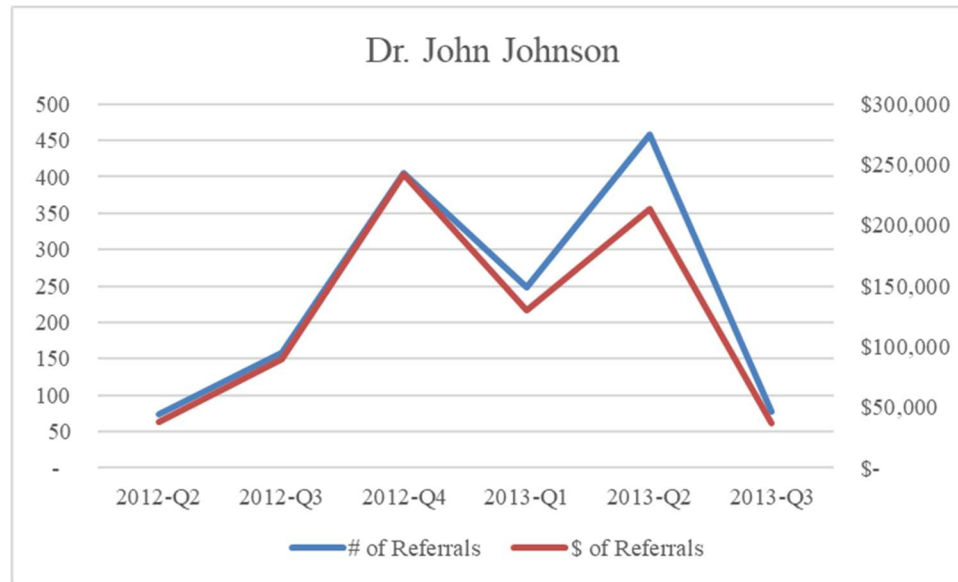


[1] Source: PCLS Medicare Claims Data

[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

[3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 9.D – Analyzer Scheme Physician Trends

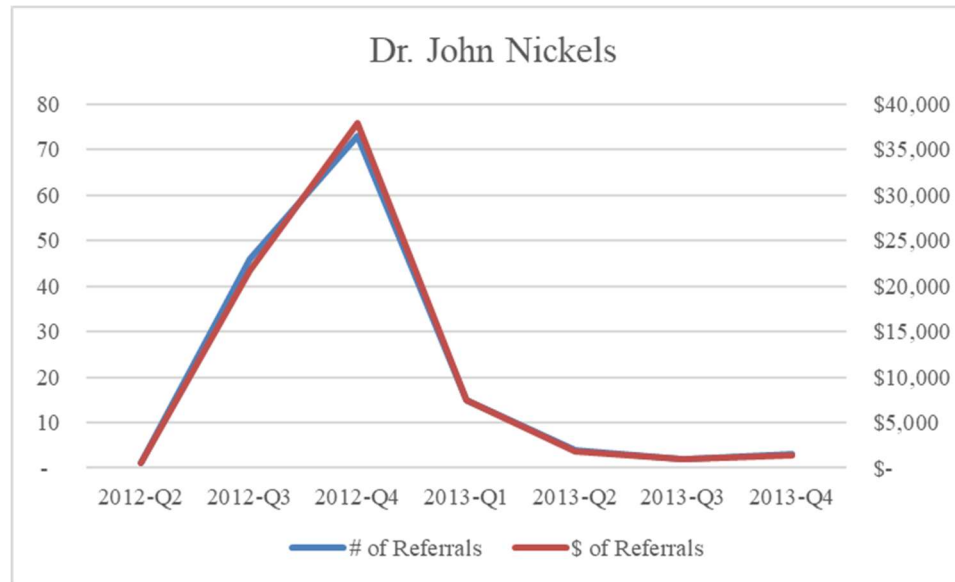


[1] Source: PCLS Medicare Claims Data

[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

[3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

United States vs. Physicians Choice Laboratory Services, LLC
Re: Rule 26(b) Expert Report of Eric Hines, CPA, CFF, CHC
Exhibit 9.D – Analyzer Scheme Physician Trends



[1] Source: PCLS Medicare Claims Data

[2] I have defined “Patient Referral” as the aggregate claims records for each unique patient, physician, and service date. For example, multiple claims for an individual patient from one physician on a given date for services provided by PCLS and paid by Medicare would constitute a unique Patient Referral derived from the related Medicare claim data provided. Claims, in turn, may contain multiple line items, representing multiple procedures or sequence of CPT codes.

[3] Amounts by alleged scheme reflect the population of claims deemed allegedly improper according to parameters provided by the United States for certain physicians / physician practices and dates of service.

MSJ Exhibit 19

From: M Kumar [MKumar@pclabservices.com]
Sent: Friday, April 13, 2012 4:19:01 PM
To: 'johnnyspot@atlanticbb.net'
Subject: FW: Lab

Importance: High

Here it is

From: M Kumar [mailto:MKumar@pclabservices.com]
Sent: 13 April 2012 16:09
To: 'johnnyspot@atlanticbb.com'
Subject: Lab
Importance: High

Dr Johnson,

Great talking to you today.

The smaller desktop analyzers cost between \$28k to \$36k. Irrespective of the manufacturers claimed capacity, we can safely say that each of these is capable of testing approx. 50 samples per day (per 8 hour shift). With your kind of volume and the fact that you are qualified to be a Lab director yourself, it would be prudent to get a larger capacity machine like the Olympus Au400. This will cost approx. \$75k refurbished. This will ensure that all your samples are tested at one location and you have room for growth.

Analyzers are also available on a reagent rental deal with a 60 day out clause. Basically, they provide the analyzer, installation, training and maintenance. In exchange, you buy reagents from them. The day you decide you donot need them, give a 60 day notice, on completion of which they will take the machine away. The rental analyzer could be desktop or the Au400. There is no difference in the cost of reagents. They provide the Au400 at practices where the volume is as large as yours.

If you choose to buy the analyzer, you would be able to buy the reagents for approx. \$7 a sample. This is in contrast to \$12 per sample that you will pay for a reagent rental. Therefore, there is a \$5 per sample swing here. Obviously, the supplier is making a killing even when he sells you the reagents at \$7 a sample. With you volume of 1000 samples per month, that translates to \$5000 per month. This swing would be far larger if you have a better source of getting the reagents.

As we discussed, you are looking for someone who will "hold the bull by the horn" and set up the lab for you. Assist you in employing a MLT, train the MLT, write all policies and procedures, serve as the technical supervisor and ensure that all compliance requirements, QA/QC, COLA inspections etc are taken care of.

Well, the good part is that we can do all that for you at a very reasonable cost. We would love the opportunity to meet with you over coffee/lunch/dinner (whatever is convenient in your busy schedule). Phil McHugh from PCLS and I will discuss all aspects of this lab and will get the show on the road most expeditiously. We could be with you any day on Wednesday, Thursday or Friday of the coming week.

I look forward to hearing from you. If there are any clarifications, please feel free to call me at any time during

the weekend.

Thanks a lot,

Manoj Kumar
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd
Charlotte NC 28273
317-371-1604 Direct
812-645-1283 Direct Fax
704-900-2927 Lab
www.physicianschoicelab.com [<http://www.physicianschoicelab.com/>]

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MSJ Exhibit 20

From: Elan Colen, MD <colenmd@gmail.com>
Sent: Sunday, April 8, 2012 3:13 PM
To: John Johnson
Subject: Re: urine testing

Hi John,

We appreciate your interest. I'm available on Monday afternoon after 3:00pm ET to give you a call and explain the different options available. Let me know if that time would work for you as well.

Looking forward to speaking soon.

Best regards,

Elan

Elan Colen, MD
347-285-9633
Sent from my iPhone

On Apr 7, 2012, at 6:20 PM, "John Johnson" <jjohnson@lhmed.com> wrote:

Elan,

My name is John Johnson and I own and operate several chronic pain management centers in PA and MD.

Dr. Lisa Goldberg gave me your name and contact info regarding urine drug testing.

We are interested in doing the screening in our offices and need to do more than the CLIA waived strip testing in terms of clinical care and also from a financial perspective.

She was telling me that your company could make some arrangements for us to lease/own/rent/etc a device that would do the screens and be able to bill for each individual test.

Please provide me any info you can on this.

Email or call me (814-207-4440)

Thanks,

JJ

<image003.jpg>

MSJ Exhibit 21

From: Elan Colen <colenmd@me.com>
Sent: Thursday, April 12, 2012 9:53 PM
To: John Johnson
Subject: Contact info for analyzer

John,

I am providing you with the person of contact in the company so that you can consider the different options and decide what best suits your needs. The options are very flexible. We currently work with 2 providers but I highly recommend Alternative Biomedical Support (ABS). We can discuss this more in detail but I would like to allow you to review the options first.

The person's name is:
Manoj Kumar
(317) 371-1604
MKumar@pclabservices.com

I have provided him with your contact info as well, so he will be calling you tomorrow.

We are committed to providing the best solution for your group.

I will be in touch tomorrow with the ICD-9 codes requested as I am still awaiting a reply.

Best,

Elan

Elan Colen, MD
347-285-9633
Sent from my iPhone

MSJ Exhibit 22

From: Phillip McHugh [pmchugh@pclabservices.com]
Sent: Monday, April 23, 2012 10:20:07 AM
To: 'M Kumar'
Subject: Dr. Johnson Check List

Attachments: image001.png; Dr Johnsons Lab List.doc

J

Philip McHugh
President
P C L S
300 Westinghouse Blvd
Charlotte NC 28273
704-900-2927 Main Lab
704-421-4644 Cell
704-353-7049 Personal Fax
www.PCLabServices.com
IMG [Picture_x0020_1]

Dr. Johnson's Lab

- Lab setup contract (already with Steve)
- Check with criteria on PA Clia Lab director responsibilities
- Lab director paperwork and submittal
- Technical director visit, start SOP & over view lab flow
- Olympus AU 400 contract signed with financing options
- LIS software with integration to EMR
- Battery backup system purchased
- DI Water system purchased and installed
- 2 Computer purchase, network, internet access
- Lab build outs, walls, floor, electric, plumbing and tables.
- Post Ad, hire MLT and data entry/sample assistant
- Billing codes checked
- Mr Reagan install Olympus and validate system
- Accept samples

MSJ Exhibit 23

From: M Kumar [MKumar@pclabservices.com]
Sent: Thursday, April 26, 2012 6:46:46 PM
To: 'John Johnson'
Subject: RE: Lab

Attachments: image001.jpg; Dr Johnsons Lab List.doc

Dr Johnson/Steve

Taken the last couple days to put a plan in place, identify and allocate resources to ensure that the plan is executed with Military Precision.

I have attached a few vital components and the resources identified for the same.

The starting point would be signing the agreement for setting the lab. The Technical Supervisor has been identified and he will start on completion and submission of documents to CLIA within four days of the contract. Phil has already made contact with the supplier of the Olympus Au400 and would have attractive financing options available. We have also established contact with suppliers of reagents and consumables for the lab. All this will be coordinated by the Tech Supervisor under guidance from Steve.

We estimate 8-10 weeks from the word "Go" to start testing and billing for the samples. As already discussed, the machine would be first utilized for testing of urine samples only. It is capable of testing oral fluids as well as serum. That would be the second phase.

All policies, procedures will be created by the Tech Supervisor; who will also train the MLT.

I eagerly look forward to get this project started. Please contact me for any clarifications that you or Steve may have.

Thanks a lot,

Manoj Kumar
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd
Charlotte NC 28273
317-371-1604 Direct
812-645-1283 Direct Fax
704-900-2927 Lab
www.physicianschoicelab.com [<http://www.physicianschoicelab.com/>]

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From: John Johnson [mailto:johnnyspot@atlanticbb.net]
Sent: 17 April 2012 22:11
To: 'M Kumar'
Cc: 'Steve Glenn'
Subject: RE: Lab

We will meet at 300 East Walnut Ave, Altoona, PA 16601 at say 12:30 p.m. this Thursday?

Steve Glenn, our DOO will be present too.

This is our billing and administrative office and warehouse (not much in terms of style or aesthetics but it is functional).

Steve, please secure a room for us to meet without interruptions.

Thanks,

JJ

IMG [_x0000_i1025]

The materials in this e-mail are private and may contain Protected Health Information. If you are not the intended recipient be advised that any unauthorized use, disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this email in error, please immediately notify the sender via return e-mail.

From: M Kumar [mailto:MKumar@pclabservices.com] [mailto:[mailto:MKumar@pclabservices.com]]
Sent: Tuesday, April 17, 2012 10:03 PM
To: 'John Johnson'
Subject: RE: Lab

Dr JJ,

The Lab does not need to be in a clinic. I just visited a lab in Oregon, where the clinic and the lab were removed by 2 miles. The lab was in a room in a store that is owned by the physicians son.

Manoj

From: John Johnson [mailto:johnnyspot@atlanticbb.net [mailto:johnnyspot@atlanticbb.net]]
Sent: 17 April 2012 21:32
To: 'M Kumar'

Subject: RE: Lab

Does the lab need to be one of our clinics or can we set this up in a separate location?

Thanks,
JJ

IMG [_x0000_i1026]

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From: M Kumar [mailto:MKumar@pclabservices.com] [mailto:[mailto:MKumar@pclabservices.com]]
Sent: Tuesday, April 17, 2012 9:14 PM
To: 'John Johnson'
Subject: RE: Lab

Will reach Pittsburgh at 10am. Should be able to reach your clinic around noon. Please let me know the location.

Thanks

Manoj

From: John Johnson [mailto:johnnyspot@atlanticbb.net [mailto:johnnyspot@atlanticbb.net]]
Sent: 17 April 2012 11:58
To: 'M Kumar'
Subject: RE: Lab

Will get back to you on the address later today.

Thanks,
JJ

IMG [Picture_x0020_1]

The materials in this e-mail are private and may contain Protected Health Information. If you are not the intended recipient be advised that any unauthorized use, disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this email in error, please immediately notify the sender via return e-mail.

From: M Kumar [mailto:MKumar@pclabservices.com] [mailto:[mailto:MKumar@pclabservices.com]]
Sent: Tuesday, April 17, 2012 11:41 AM
To: johnnyspot@atlanticbb.net [mailto:johnnyspot@atlanticbb.net]
Subject: RE: Lab

Dr Johnson,

Would Thursday around 1230pm be good. Could you please let me know the address of the clinic you would like us to meet.

Thanks a lot,

Manoj Kumar
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd
Charlotte NC 28273
317-371-1604 Direct
812-645-1283 Direct Fax
704-900-2927 Lab
www.physicianschoicelab.com [http://www.physicianschoicelab.com/]

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From: M Kumar [mailto:MKumar@pclabservices.com [mailto:MKumar@pclabservices.com]]
Sent: 13 April 2012 16:19
To: 'johnnyspot@atlanticbb.net'
Subject: FW: Lab
Importance: High

Here it is

From: M Kumar [mailto:MKumar@pclabservices.com] [mailto:[mailto:MKumar@pclabservices.com]]
Sent: 13 April 2012 16:09
To: 'johnnyspot@atlanticbb.com'
Subject: Lab
Importance: High

Dr Johnson,

Great talking to you today.

The smaller desktop analyzers cost between \$28k to \$36k. Irrespective of the manufacturers claimed capacity, we can safely say that each of these is capable of testing approx. 50 samples per day (per 8 hour shift). With your kind of volume and the fact that you are qualified to be a Lab director yourself, it would be prudent to get a larger capacity machine like the Olympus Au400. This will cost approx. \$75k refurbished. This will ensure that all your samples are tested at one location and you have room for growth.

Analyzers are also available on a reagent rental deal with a 60 day out clause. Basically, they provide the analyzer, installation, training and maintenance. In exchange, you buy reagents from them. The day you decide you donot need them, give a 60 day notice, on completion of which they will take the machine away. The rental analyzer could be desktop or the Au400. There is no difference in the cost of reagents. They provide the Au400 at practices where the volume is as large as yours.

If you choose to buy the analyzer, you would be able to buy the reagents for approx. \$7 a sample. This is in contrast to \$12 per sample that you will pay for a reagent rental. Therefore, there is a \$5 per sample swing here. Obviously, the supplier is making a killing even when he sells you the reagents at \$7 a sample. With you volume of 1000 samples per month, that translates to \$5000 per month. This swing would be far larger if you have a better source of getting the reagents.

As we discussed, you are looking for someone who will "hold the bull by the horn" and set up the lab for you. Assist you in employing a MLT, train the MLT, write all policies and procedures, serve as the technical supervisor and ensure that all compliance requirements, QA/QC, COLA inspections etc are taken care of.

Well, the good part is that we can do all that for you at a very reasonable cost. We would love the opportunity to meet with you over coffee/lunch/dinner (whatever is convenient in your busy schedule). Phil McHugh from PCLS and I will discuss all aspects of this lab and will get the show on the road most expeditiously. We could be with you any day on Wednesday, Thursday or Friday of the coming week.

I look forward to hearing from you. If there are any clarifications, please feel free to call me at any time during the weekend.

Thanks a lot,

Manoj Kumar
Physicians Choice Laboratory Services, LLC
300 Westinghouse Blvd
Charlotte NC 28273
317-371-1604 Direct
812-645-1283 Direct Fax

704-900-2927 Lab

www.physicianschoicelab.com [<http://www.physicianschoicelab.com/>]

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Dr. John H. Johnson, MD

Central Anesthesia, LLC

Lighthouse Medical, LLC

Keystone Headache & Pain Management

Central PA Pain Management

Email : jjohnson@lhmed.com

Lighthouse Medical LLC.

Dr. Johnson's Lab Action Plan

	Action By
○ Lab setup contract (already with Steve)	Dr Johnson
○ Lab director paperwork and submittal has identified. He will do the required paperwork, set up the lab, create policies, supervise the MLT.	Manoj. Tech Supervisor
○ Technical Supervisor visit, start SOP & over view lab flow submission of papers to CLIA	Two weeks after
○ Olympus AU 400 contract signed with financing options and attractive financing option is assured.	Phil is working on this
○ LIS software with integration to EMR and Phil's team will assist in the integration	ApEasy will be the LIS
○ Battery backup system purchased instrument	A week before arrival of
○ DI Water system purchased and installed instrument	A week before arrival of
○ 2 Computer purchase, network, internet access completing. Positioning as advised by tech supervisor.	As build out is
○ Lab build outs, walls, floor, electric, plumbing and tables. visit by the tech supervisor. Estimated time two weeks.	To start just after the
○ Post Ad, hire MLT and data entry/sample assistant as the build out starts to be the person at hand at all times.	Place ad and hire MLT
○ Billing codes checked will assist in establishing the codes.	Your Billing Team. We
○ Install Olympus and validate system this done. Installation approx. 5 weeks after CLIA papers are submitted.	Phil will assist in getting
○ Accept and process samples approval is obtained	As soon as CLIA

From: Phillip McHugh <pmchugh@pclabservices.com>
Sent: Monday, May 14, 2012 9:46 AM
To: 'John Johnson' <johnnyspot@atlanticbb.net>; saglenn@atlanticbb.net
Cc: 'M Kumar' <MKumar@pclabservices.com>
Subject: RE: Lab info

Dr Johnson,

Great letter.

Manoj and I will take care of the rolling... you handle the rockin! :)

Will also tell Dr. Colon to start working on a time table (with your business associate) in getting up to your clinics and switching over from Millennium.

Call with anything.

Thank-you,

Philip McHugh
President
P C L S

300 Westinghouse Blvd
Charlotte NC 28273
704-900-2927 Main Lab
704-421-4644 Cell
704-353-7049 Personal Fax
www.PCLabServices.com

-----Original Message-----

From: John Johnson [mailto:johnnyspot@atlanticbb.net]
Sent: Monday, May 14, 2012 9:01 AM
To: pmchugh@pclabservices.com; saglenn@atlanticbb.net
Cc: 'M Kumar'
Subject: FW: Lab info

Phil and Manoj,

We are now a go for this.

Will get this signed and faxed in ASAP today.

Ready to rock and roll.

Sorry for the delay.

Will put the lab in the proposed location for now.

Will need to move the lab by the end of the year.

Thanks,

JJ

The materials in this e-mail are private and may contain Protected Health Information. If you are not the intended recipient be advised that any unauthorized use, disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this email in error, please immediately notify the sender via return e-mail.

-----Original Message-----

From: Steve Glenn [mailto:saglenn@atlanticbb.net]
Sent: Thursday, April 19, 2012 3:20 PM
To: John Johnson
Subject: Lab info

-----Original Message-----

From: savin@savin.com [mailto:savin@savin.com]
Sent: Thursday, April 19, 2012 3:02 PM
To: Steve Glenn
Subject: [Urgent]

This E-mail was sent from "RNPE4C070" (816).

Scan Date: 04.19.2012 15:01:34 (-0400)
Queries to: savin@savin.com

From: M Kumar <MKumar@pclabservices.com>
Sent: Saturday, June 30, 2012 9:46 PM
To: 'John Johnson'; saglenn@atlanticbb.net
Subject: COntract for Instrument
Attachments: Contractual Agreement.docx

Dr JJ,

Attached is the contract for the instrument for your consideration as was discussed between yourself and Phil.

Manoj

Contractual Agreement

This is an agreement between Dr John Johnson (Signer) of Altoona, PA, and Medtech Healthcare Solutions (MHS) of Bloomington, IN. MHS is agreeing to finance the purchase of a refurbished Olympus AU 400 at the following terms:

Refurbished Olympus AU 400	\$39,995
180-day standard parts warranty	
Set-up and training	\$2,995
Shipping and handling	\$995
Total Investment:	\$43,985

Finance Agreement:	\$12,000 due immediately with signed contract
Bi Weekly payments of	\$5,000

(ACH direct deposit set up for the 1st and 16th of each month)
First payment will begin August 16th providing system is set-up and running.

Final Payment November 16th brings total to	\$47,000
---	----------

1) Signer understands payments are for the AU 400 system and not a contract basis to run, operate, maintain operations of laboratory. _____ initials

2) Signer also understands equipment, employees, legalities of processing, billing and operating a laboratory can and will breakdown, quite or change. Signor agrees not to hold lender or any parties connected liable should changes (such as those mentioned above) occur. _____ initials

3) Signer acknowledges they are running a high complex lab utilizing their own resources, vendors, billing team and attorneys to ensure correct processes are constantly taking place and further discloses no direct resources from the lender or any parties connected, have been shared. _____ initials

4) Equipment is property of lender until all payments are finalized. Any missed payments can result in reclaim of equipment and loss of all monies paid to date. _____ initials

Signer

Printed: JOHN H JOHNSON M.D. Date: _____

Signer Signature: _____

Equipment location: _____ City _____ State: _____ Zip: _____

Lender Signature: _____

Date: _____

PAYMENTS

All agreed payments are payable in accordance with the ACH Direct Debit Authorization below:

Client is obligated to keep their payment instructions current for the term of this agreement by notifying Medtech Healthcare Solutions (MHS) in advance in writing of any change. Client agrees to notify MHS promptly in writing if there are any questions concerning Client's debit transaction.

I hereby agree and acknowledge to the terms listed above.

Sign and Date

Printed Name JOHN H JOHNSON M.D.

Option One : "Direct Debit Authorization" (Attach a voided check)

Bank Name	
Bank Address	
Bank Account Name	
Bank Account Number	
Bank ABA Routing	

Contractual Agreement

This is an agreement between Dr John Johnson (Signer) of Altoona, PA, and Medtech Healthcare Solutions (MHS) of Bloomington, IN. MHS is agreeing to finance the purchase of a refurbished Olympus AU 400 at the following terms:

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---	----------

1) Signer understands payments are for the AU 400 system and not a contract basis to run, operate, maintain operations of laboratory. _____ initials

2) Signer also understands equipment, employees, legalities of processing, billing and operating a laboratory can and will breakdown, quite or change. Signor agrees not to hold lender or any parties connected liable should changes (such as those mentioned above) occur. _____ initials

3) Signer acknowledges they are running a high complex lab utilizing their own resources, vendors, billing team and attorneys to ensure correct processes are constantly taking place and further discloses no direct resources from the lender or any parties connected, have been shared. _____ initials

4) Equipment is property of lender until all payments are finalized. Any missed payments can result in reclaim of equipment and loss of all monies paid to date. _____ initials

Signer

Printed: JOHN H JOHNSON M.D.  Date: 7/2/12

Signer Signature: _____

Equipment location: 300 E. WALNUT City ALTOONA State: PA Zip: 16601

Lender Signature: _____

Date: _____

PAYMENTS

All agreed payments are payable in accordance with the ACH Direct Debit Authorization below:

Client is obligated to keep their payment instructions current for the term of this agreement by notifying Medtech Healthcare Solutions (MHS) in advance in writing of any change. Client agrees to notify MHS promptly in writing if there are any questions concerning Client's debit transaction.

I hereby agree and acknowledge to the terms listed above.

Sign and Date

Printed Name JOHN H JOHNSON M.D.

Option One : "Direct Debit Authorization" (Attach a voided check)

Bank Name	<u>S&T BANK</u>
Bank Address	<u>3305 Ctr Ave Altoona Pa 16601</u>
Bank Account Name	<u>CENTRAL Anesthesia LLC</u>
Bank Account Number	_____
Bank ABA Routing	_____

CENTRAL ANESTHESIA LLC 300 EAST WALNUT AVENUE ALTOONA, PA 16602		60-1783/313	2791
DATE _____			
PAY TO THE ORDER OF _____		\$ _____	
_____ DOLLARS			
Mainline NATIONAL BANK www.MainlineBank.net			
MEMO _____			

the Bank
has just rec'd
Oct 40
S&T BANK

MSJ Exhibit 27

From: M Kumar [MKumar@pclabservices.com]
Sent: Monday, August 6, 2012 9:32:41 AM
To: 'Brunno Goncalves'
CC: 'Phillip McHugh'
Subject: RE: Diamond Diagnostics - AU400

Attachments: 208232348415.PDF

Attached corrected.

Manoj

From: Brunno Goncalves [mailto:BGoncalves@diamondddiagnostics.com]
Sent: 06 August 2012 09:24
To: M Kumar
Cc: Phillip McHugh
Subject: RE: Diamond Diagnostics - AU400

Hi Minoj,

Thanks for sending the copy to us. The total amount for the unit is \$34,000.00.

A 50% deposit would have been \$17,000. I had told Phil that at least \$16,000 I was able to work with for now.

If possible please revise the deposit check and forward me another copy. Sorry for the inconvenience.

Best regards,

Brunno Goncalves
Regional Manager - North America
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 340
Fax: +1 508.429.0452
Web: www.diamondddiagnostics.com [http://www.diamondddiagnostics.com/]

Visit us at AACC - Los Angeles, CA July 17-19 Booth 2547
Visit us at Medica - Dusseldorf, Germany November 14-17

From: M Kumar [mailto:MKumar@pclabservices.com] [mailto:[mailto:MKumar@pclabservices.com]]
Sent: Monday, August 06, 2012 9:20 AM
To: Brunno Goncalves
Cc: Phillip McHugh
Subject: RE: Diamond Diagnostics - AU400
Attached as promised. **The check will be mailed today.** Please get back to me in the next hour if anything does not look right.

Manoj
3173711604

From: Brunno Goncalves [mailto:BGoncalves@diamonddiagnostics.com] [mailto:[mailto:BGoncalves@diamonddiagnostics.com]]
Sent: 25 July 2012 14:43
To: Manoj Kumar
Subject: Diamond Diagnostics - AU400

Dear Manoj,

Thanks for taking my call today.

As we have discussed, please send us the correct shipping address so we can update your order.

Also once you have the down payment ready to send if you can send as a copy of the receipt or check, I will be able to reserve the unit for you with that information.

Let me know if you have any questions.

Best regards,

Brunno Goncalves
Regional Manager - North America
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 340
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com [<http://www.diamonddiagnostics.com/>]

Visit us at AACC - Los Angeles, CA July 17-19 Booth 2547
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MEDTECH HEALTHCARE SOLUTIONS LLC
5598 W BEDROCK RD
BLOOMINGTON, IN 47403-8702

04-11 20-1961
740

1032

Date 8/8/14

Pay to the order of DIAMOND DIAGNOSTICS \$ 17,000
Seventeen thousand only

dollars

MP

CHASE
JPMorgan Chase Bank, N.A.
www.Chase.com

for Au 400

Ugou

MSJ Exhibit 28

From: Customer Service [cs@diamonddiagnostics.com]
Sent: Friday, August 10, 2012 4:47:06 PM
To: M Kumar
CC: Brunno Goncalves
Subject: PI-20262633 (\$36476) 0-OY-AU400 x1 <Revision2>

Attachments: image001.png

Dear Mr. Kumar,

Good afternoon. Today your deposit in the amount of \$17k has been received; thank you.

By early next week, we will advise on the expected date of completion.

We hope you enjoy your weekend.

Best regards,

David Vasco
Regional Customer Service Manager
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 348
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com

Visit us at SBPC- Salvador-Bahia, Brazil September 4-7 Booth 90-91
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From: Customer Service
Sent: Monday, August 06, 2012 9:30 AM
To: 'M Kumar'
Cc: Brunno Goncalves
Subject: PI-20262633 (\$36476) 0-OY-AU400 x1 <Revision2>

Dear Mr. Kumar,

Good day. Note payment terms on the above listed proforma invoice have been revised to 50% Advance deposit.

You may mail your check to:

Diamond Diagnostics Inc
333 Fiske St.
Holliston, MA 01746

USA
ATT: 20262633

Please review and advise if any modifications are needed.

A copy of the attached order with signature and date will need to be faxed back to me.

Thank you and best regards,

David Vasco
Regional Customer Service Manager
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 348
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com

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From: Customer Service
Sent: Thursday, July 19, 2012 3:54 PM
To: 'M Kumar'
Subject: PI-20262633 (\$36476) 0-OY-AU400 x1 <Revision>

Dear Mr. Kumar,

Good afternoon. Unfortunately after review, we had not received your fax document.

Please resend to my attention to: 508-429-0452

Thank you for your assistance,

David Vasco
Regional Customer Service Manager
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 348
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com

Visit us at AACC - Los Angeles, CA July 17-19 Booth 2547

Visit us at SBPC- Salvador-Bahia, Brazil September 4-7 Booth 90-91
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From: Customer Service
Sent: Monday, July 16, 2012 9:39 AM
To: 'M Kumar'; 'Phillip McHugh'
Cc: Brunno Goncalves
Subject: PI-20262633 (\$36476) 0-OY-AU400 x1 <Revision>

Dear Mr. Kumar,

Thank you for your confirmation.

Per your request, we have revised the billing address details.

Please review and do not hesitate in contacting me directly with any additional assistance.

Best regards,

David Vasco
Regional Customer Service Manager
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 348
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com

Visit us at SBAC- Rio de Janeiro, Brazil July 2-4 Booth 72

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From: Customer Service
Sent: Monday, July 16, 2012 8:59 AM

To: 'M Kumar'; 'Phillip McHugh'
Subject: PI-20262633 (\$36476) 0-OY-AU400 x1

Dear Manoj,

Thank you for your information.

Please confirm if this address below will be both the billing and shipping address.

Kind regards,

David Vasco
Regional Customer Service Manager
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 348
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com

Visit us at SBAC- Rio de Janeiro, Brazil July 2-4 Booth 72

Visit us at AACC - Los Angeles, CA July 17-19 Booth 2547
Visit us at SBPC- Salvador-Bahia, Brazil September 4-7 Booth 90-91
Visit us at Medica - Dusseldorf, Germany November 14-17

From: M Kumar [mailto:MKumar@pclabservices.com]
Sent: Sunday, July 15, 2012 9:52 AM
To: Customer Service; 'Phillip McHugh'
Cc: Brunno Goncalves; Denise Boucher; David Vasco
Subject: RE: PI-20262633 (\$36476) 0-OY-AU400 x1

Hi,

Please send the proforma for

Medtech Healthcare Solutions
5598 W Bedrock Road
Bloomington
IN-47403

Thanks

Manoj Kumar

From: Customer Service [mailto:cs@diamonddiagnostics.com]
Sent: 13 July 2012 16:37
To: Phillip McHugh; M Kumar
Cc: Brunno Goncalves; Denise Boucher; David Vasco
Subject: RE: PI-20262633 (\$36476) 0-OY-AU400 x1

Dear Phil,

We can change the proforma for a new company. Please provide the details and we will send a new proforma.

I look forward to hearing from you.

Kind regards,

Katie Atkins
Regional Customer Service Manager
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 347
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com

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From: Phillip McHugh [mailto:pmchugh@pclabservices.com]
Sent: Friday, July 13, 2012 12:57 PM
To: Customer Service; 'M Kumar'
Cc: Brunno Goncalves; Denise Boucher; David Vasco
Subject: RE: PI-20262633 (\$36476) 0-OY-AU400 x1
Katie,
Thank-you for the quote.

We will want to quote to be filed under a new entity name as this WILL NOT be a Physicians Choice Lab Services LLC purchase.
I am just helping promote it for your company.

Brunno,
As discussed, we will want to send you all the reagents & calibrators for the system to be set-up for BEFORE SHIPPING.
The system must come ready to run. If this is not so, please contact Manoj to discuss (317-371-1604)

Manoj,
Could you please make sure all necessary reagents & controls are sent to Bruno for the system to be set up. (You may want confirmation from him before shipping.)
This will add shipping time but will speed up and insure working when arrival.

Thank-you everyone.

PS: Bruno, if this goes well, we have another customer that will purchase another system from you in 60 days.

PPS: Brent Dixon, Chief Scientist will be out at the California Lab show next week. You should definitely connect with him. (980-213-1458) I know there have been some problems with the system you sold us and the last letter I got from mgt sounded like they didn't want to purchase systems from your company anymore...???
Just trying to help. Hope soccer games were terrific!

Philip McHugh
President & CCO
P C L S
300 Westinghouse Blvd
Charlotte NC 28273
704-900-2927 Main Lab
704-421-4644 Cell
704-353-7049 Personal Fax
www.PCLabServices.com
IMG [cid:684113720@10082012-0F9E]

From: Customer Service [mailto:cs@diamonddiagnostics.com]
Sent: Thursday, July 12, 2012 1:03 PM
To: Philip Mchugh
Cc: Brunno Goncalves; Denise Boucher; David Vasco
Subject: PI-20262633 (\$36476) 0-OY-AU400 x1

Dear Phil,

Good afternoon. Please find attached the proforma invoices for your Olympus AU400 unit.

If acceptable, please remit your pre-payment to the following account:

Bank of America, 100 N. Tryon Street, Charlotte NC 28255 USA ABA Routing No. 0260-0959-3; SWIFT BOFAUS3N
Beneficiary: Diamond Diagnostics Inc. Account No. 0000542-39887

or via check to:

Diamond Diagnostics Inc
333 Fiske St.
Holliston, MA 01746
USA
ATT: 20260676

We will need the attached proforma invoice signed and dated as well.

Thank you for your order.

Best regards,

Katie Atkins
Regional Customer Service Manager
Diamond Diagnostics Inc (USA)
Tel: +1 508.429.0450 ext 347
Fax: +1 508.429.0452
Web: www.diamonddiagnostics.com

Visit us at AACC - Los Angeles, CA July 17-19 Booth 2547
Visit us at SBPC- Salvador-Bahia, Brazil September 4-7 Booth 90-91
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From: Manoj Kumar <manoj_136@hotmail.com>
Sent: Thursday, March 21, 2013 12:33 PM
To: 'John Johnson'
Subject: RE: Analyzer

Dr JJ,

Panels can be added/changed at any time. Just getting reagents, getting validation and that's it.

We could discuss more on the codes etc at a meeting

Manoj

From: John Johnson [mailto:jjohnson@lhmed.com]
Sent: 21 March 2013 11:41
To: manoj_136@hotmail.com; 'Steve Glenn'
Subject: FW: Analyzer
Importance: High

Manoj,

Sounds good.

Steve will make arrangements to get you the \$7K

I am working on the reagents.

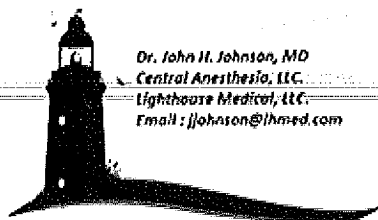
What if we want to change our panels later on?

What is involved with that?

Are there some panels that we just won't get paid for?

Thanks,

JJ



Dr. John H. Johnson, MD
Central Anesthesia, LLC
Lighthouse Medical, LLC
Email: jjohnson@lhmed.com

Lighthouse Medical LLC.

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From: Manoj Kumar [mailto:manoj_136@hotmail.com]
Sent: Wednesday, March 20, 2013 10:46 PM
To: jjohnson@lhmed.com

Subject: Analyzer
Importance: High

Dr JJ,

I was to call you and I apologize for the late hour. Got caught up on something and lost track of time. My sincere apologies.

Attached is the contract that was signed for the machine. Total payout of \$47k of which \$12k was upfront and the balance was financed.

I had sent the supplier \$17k as a holding payment to get us a machine. They got a machine, got that readied and waited for complete payment. Since there was no response owing to a number of reasons, they let that machine go. In Nov, I received \$10k of the initial \$12k. They procured another machine, got that readied and are have been waiting for reagents for quite some time to validate the machine for your practice. They need the reagents to move forward. As soon as that happens, I can send the balance \$27k so that they deliver the machine.

I request that the reagents be sent as soon as possible. Additionally, \$7k could be sent to me and I will put the balance \$20k for the machine.

Does that sound reasonable?

Apologies again for the delay.

Manoj

From: Elan Paul Colen <colenmd@me.com>
Sent: Tuesday, January 8, 2013 5:20 AM
To: John Johnson <jjohnson@lhmed.com>
Subject: Re: thanks

John,

I understand this transition takes some time to get organized. Just let me know what I can do to make things easier for you. I'll be here until Thursday, so we can set up a time as fits your schedule, maybe dinner or something if you're available.

Kindest regards,

Elan Colen, MD
347-285-9633
Sent from my iPhone

On Jan 7, 2013, at 11:20 PM, John Johnson <jjohnson@lhmed.com> wrote:

Elan,

Mike said things went pretty well today.

Spoke briefly with Lisa Goldberg too.

We will take care of you but I need some time to get my staff in the right frame of mind and I have to get things organized. Only I can do it. this delegation thing has not worked.

You will be getting more samples later in the month.

I just need a little breathing room for a few days.

Also, would like to talk to you about billing for the strip cups and also for the analyzer. I did get a friendly letter from Highmark today.

Thanks,

JJ

<image001.jpg>

From: Elan Paul Colen <colenmd@me.com>
Sent: Saturday, March 9, 2013 4:55 PM
To: John Johnson <jjohnson@lhmed.com>
Cc: Steve Glenn <saglenn@atlanticbb.net>
Subject: Re: lab

John,

You are welcome, that's what I'm here for. We will start with your employees and transition as we go along. Just be aware you will need to hire yourself an additional 2-3 persons minimum for the lab. But we will assist you with the data entry personnel once whenever you are ready.

Appreciate you looking into the volume, please let me know what you find out then on your end.

Thanks again and let me know how I can be of further help.

Kindest regards,

Elan Colen, MD
CLINICAL FIELD LIAISON

300 Westinghouse Blvd.
Charlotte, NC 28273

Phone: 347-285-9633 Fax: 980.318.5408 Mobile: 347.285.9633

www.pcls.com

On Mar 9, 2013, at 4:13 PM, John Johnson <jjohnson@lhmed.com> wrote:

Elan,

Thanks for all the help.

Would prefer to start with my own folks and we can transition over as we go along.

Getting to 200 a week in samples will be a reach but we can do way more than 8 per week too. I know we sent you more than that last week.

I will look into it and get back to you.

Thanks,

JJ

From: Elan Paul Colen [mailto:colenmd@me.com]
Sent: Saturday, March 09, 2013 3:28 PM
To: John Johnson
Cc: Steve Glenn
Subject: Re: lab

John,

Will request that Manoj also assist in getting your reagent account set up to ensure that the reagents are sent right away.

The data entry persons should be set up to have them trained and in place for once the lab is running, and not mix everything all together. We need to set everything in place in a stepwise fashion. Please let me know how we will proceed on this so I can inform the lab, as this also takes some time to set up and hire the personnel.

The lab received a total of only 8 samples last week from all clinics(which the lab has been receiving small amounts of specimens sporadically since December) down from previous usual volume of 200+/week. This is all that was received and I informed the lab that you would begin sending normal volume again as we discussed. Were you under the impression that we were receiving normal volume again? I sincerely appreciate your attention to this matter as I need to inform the status of this to the lab as well.

Please let me know if I can assist with anything further.

Kindest regards,

Elan Colen, MD
CLINICAL FIELD LIAISON

300 Westinghouse Blvd.
Charlotte, NC 28273

Phone: 347-285-9633 Fax: 980.318.5408 Mobile: 347.285.9633

www.pcls.com

On Mar 9, 2013, at 2:29 PM, John Johnson <jjohnson@lhmed.com> wrote:

Elan and Steve,

We really have to move on this now.

Will get the ad out on Monday.

Steve, how long ago did you get the paperwork in on the change of address?

Steve and Elan, we cannot be any more taking a passive approach to the reagent situation. Monday morning please make calls to the company and I don't care if we have to call the president of the company to find a contact person. This is urgent.

Elan, will get back to you on the data entry people. we could do this anytime. I don't think this is a super urgent thing at the moment.

We sent you samples week before last and this past week also. Did you get them?

Thanks,

JJ

From: Elan Paul Colen [<mailto:colenmd@me.com>]
Sent: Saturday, March 09, 2013 12:21 PM
To: John Johnson
Cc: Steve Glenn
Subject: Re: lab

John,

I hope you are well, and glad you contacted me. I am providing you below with the important points as you requested that need to be addressed ASAP to get things completed.

The MLT needs to be hired. Terri is providing me with a sample ad that can be used to find someone that suits your needs and requirements.

The lab address is pending the official change as Steve sent in the finalized paperwork.

However, the most important thing at this point is that the analyzer must be calibrated and validated before it is shipped to your location. I asked Steve to contact the reps I provided you with in the email to establish an account for Lighthouse Medical. However, I spoke with Steve on Thursday and he explained he was unable to locate the rep assigned to your territory in Pennsylvania. I called myself and left a message as well on Friday. This is extremely important as I mentioned to Steve because the analyzer company does not want to continue waiting much longer. So time is definitely of the essence.

PCLS is also waiting to hear back from you regarding the data entry persons. This also needs to be addressed ASAP so we can have things ready before the analyzer is running to avoid delays as well.

They also informed me that they are still not receiving specimen volume from you again as you promised me last week. Please let me know the status of this so I can report back to the lab.

If you have any questions, feel free to call me as well so we can get things moving smoothly. I am available the whole day today as well as tomorrow.

Kindest regards,

Elan Colen, MD
CLINICAL FIELD LIAISON

300 Westinghouse Blvd.
Charlotte, NC 28273

Phone: 347-285-9633 Fax: 980.318.5408 Mobile: 347.285.9633

www.pcls.com

On Mar 9, 2013, at 12:11 AM, John Johnson <jjohnson@lhmed.com> wrote:

Elan,

We are about ready to open the lab.

I think approvals are about a week away.

We are pretty much set for ins credentialing.

What do we need to do to open?

MLT

COLA

Inspections

Paperwork

etc?

Time is of the essence.

Thanks,

JJ

<image001.jpg>

MSJ Exhibit 32



Florida Department of Revenue
WARRANT

ARIES MEDICAL CORPORATION
4243 SUNBEAM RD
JACKSONVILLE, FL 32257-8848

Tax : Sales and Use Tax
Business Partner # : 1141854
Contract Object # : 00012833513
FEIN : 593757090
Warrant # : 1000000537007

Re: Warrant issued under Chapter

212, Florida Statutes

THE STATE OF FLORIDA
TO ALL AND SINGULAR, THE CLERKS OF THE CIRCUIT COURTS AND
ALL AND SINGULAR, THE SHERIFFS OF THE STATE OF FLORIDA

WARRANT FOR COLLECTION OF DELINQUENT Sales and Use Tax TAX(ES).

The taxpayer named above in the County of Duval, is
indebted to the Department of Revenue, State of Florida, in the following amounts:

TAX	\$	379.34
PENALTY	\$	50.00
INTEREST	\$	3.78
TOTAL	\$	433.12
FEE(S)	\$	20.00
GRAND TOTAL	\$	453.12

For returns due on or before December 31, 1999, interest is due at the rate of 12% per annum. For returns due on or after January 1, 2000, a floating rate of interest applies in accordance with section 213.235, Florida Statutes.

WITNESS my hand and official seal in this City of Jacksonville,
Duval County, Florida, this 17th day of September, 2013.

Marshall Stranburg, Interim Executive Director
Department of Revenue, State of Florida

This instrument prepared by:


Authorized Agent



Please bill to:
State of Florida, Department of Revenue
JACKSONVILLE SERVICE CENTER
921 N DAVIS ST STE 250A
Jacksonville, FL 32209-6825

DR-78
R. 10/10



Florida Department of Revenue
WARRANT

ARIES MEDICAL CORPORATION
4243 SUNBEAM RD
JACKSONVILLE, FL 32257-8848

Tax : Sales and Use Tax
Business Partner # : 1141854
Contract Object # : 00012833513
FEIN : 593757090
Warrant # : 1000000459842

Re: Warrant issued under Chapter

212, Florida Statutes

THE STATE OF FLORIDA
TO ALL AND SINGULAR, THE CLERKS OF THE CIRCUIT COURTS AND
ALL AND SINGULAR, THE SHERIFFS OF THE STATE OF FLORIDA

WARRANT FOR COLLECTION OF DELINQUENT Sales and Use Tax TAX(ES).

The taxpayer named above in the County of Duval, is
indebted to the Department of Revenue, State of Florida, in the following amounts:

TAX	\$	336.12
PENALTY	\$	150.00
INTEREST	\$	11.77
TOTAL	\$	497.89
FEE(S)	\$	20.00
GRAND TOTAL	\$	517.89

For returns due on or before December 31, 1999, interest is due at the rate of 12% per annum. For returns due on or after January 1, 2000, a floating rate of interest applies in accordance with section 213.235, Florida Statutes.

WITNESS my hand and official seal in this City of Jacksonville,
Duval County, Florida, this 15th day of January, 2013.

Marshall Stranburg, Interim Executive Director
Department of Revenue, State of Florida

This instrument prepared by:

Authorized Agent



Please bill to:
State of Florida, Department of Revenue
JACKSONVILLE SERVICE CENTER
921 N DAVIS ST STE 250A
Jacksonville, FL 32209-6825

DR-78
R. 10/10

Form 668 (Y)(c) <small>(Rev. February 2004)</small>	10194 Department of the Treasury - Internal Revenue Service Notice of Federal Tax Lien				
Area: SMALL BUSINESS/SELF EMPLOYED AREA #3 Lien Unit Phone: (800) 913-6050	Serial Number <div style="text-align: right;">916742613</div>				
As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.					
Name of Taxpayer ORLANDO G FLORETE JR					
Residence 2200 ACADIE DR JACKSONVILLE, FL 32217-3500					
IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).					
Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
6672	06/30/2009	XXX-XX-7402	12/24/2012	01/23/2023	1114.85
6672	12/31/2010	XXX-XX-7402	12/24/2012	01/23/2023	9521.60
6672	03/31/2011	XXX-XX-7402	12/24/2012	01/23/2023	26442.07
6672	06/30/2011	XXX-XX-7402	12/24/2012	01/23/2023	89639.01
6672	09/30/2011	XXX-XX-7402	12/24/2012	01/23/2023	85504.33
6672	03/31/2012	XXX-XX-7402	12/24/2012	01/23/2023	73213.89
Place of Filing CLERK OF CIRCUIT COURT DUVAL COUNTY JACKSONVILLE, FL 32202					Total \$ 285435.75

This notice was prepared and signed at BALTIMORE, MD, on this,

the 16th day of January, 2013.

Signature for BENNY G. STUCKEY	Title REVENUE OFFICER 23-09-1126 (904) 665-2042
-----------------------------------	--

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien
Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form 668(Y)(c) (Rev. 2-2004)
CAT. NO 60025X